

**Metro**

***Status of Audit  
Recommendations***

---

**July 1998**

**A Status Report by the Office of the Auditor**



**METRO**

1998-10129-AUD

**Alexis Dow, CPA  
Metro Auditor**

---



**METRO**

**OFFICE OF THE AUDITOR**

July 9, 1998

Councilor Jon Kvistad, Presiding Officer  
Councilor Patricia McCaig  
Councilor Ruth McFarland  
Councilor Susan McLain  
Councilor Rod Monroe  
Councilor Don Morissette  
Councilor Ed Washington  
Executive Officer Mike Burton

Charles Ciecko, Parks and Greenspaces  
Dan Cooper, Office of General Counsel  
Andy Cotugno, Transportation Planning  
Jennifer Sims, Administrative Services  
Bruce Warner, Regional Environmental Mgt.  
Elaine Wilkerson, Growth Management  
Mark Williams, MERC  
Tony Vecchio, Metro Washington Park Zoo

The accompanying report provides you with an overview of the recommendations made by the Office of the Auditor since its inception in 1995, together with a description of their status.

Sixty-two percent of recommendations in effect have been fully implemented. Most remaining recommendations are partially implemented or are in process.

The Executive Officer's response to the report is presented in the last section of this report.

We appreciate the cooperation and assistance provided by Metro departments and MERC in providing information upon which this summary report is based.

Please contact me if you have any questions or desire additional information.

Yours very truly,

Alexis Dow, CPA  
Metro Auditor

AD:ems

---

## Table of Contents

---

<b>Chapter 1</b>	<b>Introduction</b>	1
	Report Objective	1
	Background	1
	Methods	2
<b>Chapter 2</b>	<b>Summary of Recommendations Requiring Further Action: Background and Status</b>	3
<b>Chapter 3</b>	<b>Status Summary of All Recommendations</b>	19

### **Response to the Report**

Metro Executive Officer Mike Burton

## **Chapter 1: Introduction**

---

---

## Introduction

---

### Report Objective

This report is intended to provide the Metro Council, Executive Officer and the public with an overview of recommendations made and their status:

Audit recommendations target improving the efficiency and effectiveness of Metro operations, ensuring compliance with Metro's policies and ensuring program goals and objectives are achieved. For audit work to be effective, these recommendations must be implemented. Accordingly, the Metro Auditor formally surveys departments annually to determine the implementation status of recommendations and to encourage their completion. The Metro Auditor reports the results of this follow-up work to the Metro Council, Executive Officer and public as part of our mission:

*To assist and advise Metro in achieving:*

- ⇒ honest and efficient management*
- ⇒ full accountability to the public*

This is the third report on the implementation status of audit recommendations. The previous report was released in May 1997 and included 66 total recommendations, 16 of which had not been fully implemented. This report covers all of those remaining recommendations as well as those from subsequent reports issued through June 1998. Implementation status is as of June 1998.

### Background

Since the first Metro Auditor took office in early 1995, we have conducted audit work in all of Metro's departments and the Metropolitan Exhibition-Recreation Commission (MERC). We have issued reports on all of these organizations except the Metro Washington Park Zoo (soon to be the Oregon Zoo), where an audit is under way.

We are pleased to report that the Executive Officer's staff has addressed most of our audit recommendations. Of 108 total audit suggestions:

- 58 have been implemented
- 28 are in the process of implementation
- 6 have seen preliminary action
- 8 are no longer applicable
- 8 have seen no action to date.

This status report is presented in two sections. Chapter 2 lists recommendations yet to be implemented together with background information from the related audit and details of action being taken to implement the outstanding recommendation. Chapter 3 lists all recommendations issued since the inception of the Metro Auditor's office in 1995 and their status as: fully implemented, clearly in process, preliminary action taken, no longer applicable or no action to date.

A form for use in ordering individual audit reports is provided at the back of this report, as is a comment sheet to provide feedback to the Metro Auditor.

### Methods

We asked each Metro organization that had recommendations in process as of our last status report to provide current information on those recommendations. We requested the same information from those who received recommendations in reports issued since then. All were asked to provide a written description of actions taken implementing each recommendation. We also asked them to provide records and other documentation providing evidence that actions had actually been carried out. We then reviewed the information they furnished and continued to make inquiries until we gained a clear understanding of the actions taken.

Our work conformed to generally accepted auditing principles.

## **Chapter 2: Summary of Recommendations Requiring Further Action: Background and Status**

---

---

## **Expo Center Expansion: Construction Cost Management**

**March 1998**

---

The Expo Center is managed by MERC. Four buildings provide the Expo Center with approximately 330,000 square feet of exhibit space. The fourth and most recent building was constructed to fill a need for additional, higher-quality exhibit space. It has a large lobby, meeting rooms and 108,000 square feet of column-free space. The total budget for the expansion was \$13.5 million.

We evaluated the effectiveness of measures taken by MERC staff to control the costs of building the new Expo Center hall. Most of our work focused on construction contract management because construction costs accounted for more than 85 percent of project costs. The construction contract was cost-plus, with a guaranteed maximum price.

Although overall construction cost management practices were satisfactory, we found some areas requiring improvement. Specifically, MERC staff could improve procedures for documenting construction decisions and for ensuring that prices for indirect construction services are competitive. We also noted the general contractor did not always provide adequate support for expenditures and recommend obtaining better documentation before reimbursement. Lastly, MERC should establish guidelines to help staff decide which costs to charge to construction projects, and re-evaluate policies regarding sealed bidding and contract retainages.



### **Remaining Recommendations (of 7 total):**

When managing future construction projects using the CM/GC contracting approach, MERC should:

1. Document approval of all changes and decisions resulting in subcontract amendments.
2. Compare prices and rates charged for general services to those available from others and document results of comparisons.
3. Obtain adequate support for expenditures before reimbursing the general contractor.



4. Thoroughly review indirect services to ensure they are necessary and prudent.
5. Consider raising the threshold for sealed bidding, then ensure the required sealed bidding procedure is followed.
6. Retain funds in accordance with contract; consider reducing the contract retention requirement if it is too aggressive.
7. Develop criteria for staff to use to decide which costs to record for projects.

***Not done:*** MERC advised us that none of the first six recommendations could be implemented because it has had no CM/GC construction projects since the Expo Center project. MERC plans to implement them on future CM/GC contracts. The seventh recommendation on developing criteria for classifying project costs has not been implemented.

---

## **Urban Growth Boundary Planning Processes and Decisions Can Be More Credible**

**September 1997**

---

One of the tools Metro uses to manage growth is the urban growth boundary (UGB), a line around the metropolitan region that separates urban development from rural areas. We reviewed Metro's UGB planning process and found that Metro has accomplished much over the past five years to establish an urban growth planning concept and manage the UGB. However, it needs to take more steps to ensure local credibility of its planning process. We found that Metro could improve in three main areas:

- More fully recognizing uncertainty in projections
- Discussing and presenting the different potential outcomes in detailed form
- Developing ways to bring about a stronger degree of stakeholder consensus

We made five recommendations to achieve these objectives.



### **Remaining Recommendations (of 5 total):**

1. Establish independent peer review groups to verify evidence and analytical procedures that support the growth planning process and related performance measures. Publish peer review results to stakeholders and the general public.
2. Clearly and fully discuss range of accepted uncertainty in the evidence or in projections based on the evidence. Disseminate related analyses, conclusions and recommendations to stakeholders and the public.
3. Discuss projections, forecasts and assumptions that contain a range of possible outcomes in terms of potential outcomes for UGB decisions and disseminate the record of these discussions.
4. Use results of peer review, analyses and feedback to facilitate consensus on individual variables and the need, if any, for a change in the UGB and for consideration of Functional Plan performance measures.

5. Identify all potential UGB stakeholders and work to keep them fully informed about data produced and outcomes associated with planning activities.

**Action started on all of them:** Metro's Growth Management Services Department has taken some steps to improve the credibility of its UGB planning processes, such as providing advisory review and revision loops in its work plans and initiating a productivity study of urban reserves. However, many actions they reported only indirectly correspond to the report's findings and recommendations and the Executive Officer's response to the report.

Fundamentally, we are recommending that processes be formalized to ensure:

- A comprehensive review of evidence and analysis by qualified independent reviewers who have no stake in the outcome
- Analysis, discussion and disclosure of uncertainty in Metro's projections
- Alternative outcomes, based on the range of uncertainty, are discussed as well as the projections, forecasts and assumptions that produced them
- The results of the previous three steps are used to facilitate consensus
- Stakeholders are continuously identified and worked with to ensure meaningful involvement with and build on the previous steps.

---

## **RLIS Data: Customer Survey and Implications**

**September 1997**

---

Metro's Regional Land Information System (RLIS) is a computer mapping system developed and used by Metro for land use planning. RLIS products are also available to partner governments, businesses and others on a subscription or fee basis.

We surveyed local government and private sector purchasers to assess how useful they found RLIS products, how RLIS products might be improved for public and private sector use, and how respondents' experiences with RLIS affected their perceptions of the data's accuracy for Metro's regional planning.

We found average user satisfaction rates for products were generally high. However, some users gave low marks, commenting that RLIS information was either not sufficiently detailed or was out of date, incomplete, or inaccurate. In some cases, customers' expectations were too high; some ignored warnings in the purchase agreement and DRC catalog about data age, source, and level of detail or accuracy.

Based on the survey and follow-up interviews with survey respondents, we developed recommendations for enhancing customer relations and satisfaction, and suggested future marketing directions and other management considerations.



### **Remaining Recommendations (of 9 total):**

1. Develop a plan to improve accuracy, level of detail and timeliness of RLIS data including operational changes or additional resources needed to improve data, and define what cannot be accomplished and reasons why.
2. Ensure customers know whom to contact to resolve problems and develop a formal system to track problems until resolved.
3. Meet with the business community DRC customers to discuss their needs for RLIS data and the cost of such data.
4. Consider establishing a subscriber newsletter.

5. Continue to explore the use of value-added resellers.
6. Develop new strategic relationships with Metro's local government partners.

**Action started:** The Director of Growth Management Services outlined a number of actions that DRC has taken and will take to respond to the above recommendations.

1. Strategies for data improvements from the Regional GIS Coordinating Committee will be documented for the Executive Officer by the end of 1998.
2. Customers are now provided with the email address of a DRC contact, and DRC will create a log of problems for which corrections or adjustments can be made.
3. DRC will follow up their informal and undocumented survey with the business community RLIS users with a more formal, documented meeting to discuss products and services and solicit suggestions for improvements.
4. DRC plans to use Metro's World Wide Web site and the list server (planned for November 1998) to communicate with the RLIS user group. Currently, desktop mapping user group meetings are held on a regular basis.
5. DRC expanded an existing contract with one value added reseller and is currently negotiating a contract with another to resell aerial photography data.
6. DRC is continuing to meet with the Regional GIS Coordinating Committee members and discuss data sharing. The Senior Director of Growth Management Services said DRC is using Memorandums of Understanding to document major agreements with data-providing agencies. We believe that in the long run, formal agreements with all participating agencies would be the best approach to assuring continued cooperation between Metro and local governments in sharing data.

---

## Waste Reduction Grant Programs

August 1997

---

For the past several years, Metro's Regional Environmental Management Department (REM) has granted more than \$1 million annually for waste reduction programs. We reviewed the 3 largest programs and found each program somewhat successful but needing some improvements. Programs reviewed are:

- Recycling Business Development Program
- Thrift Recycling Credit Program
- Annual Waste Reduction Grants

◇ ◇ ◇ ◇ ◇

### Remaining Recommendations (of 7 total):

1. Develop and document clear procedures for administering the Recycling Business Development Grant Program.
2. Evaluate the Recycling Business Development Grant Program's effectiveness by assessing accomplishments of first two grants.
3. Perform detailed audits of the thrifts including materials disposed in the receiving and sorting process, materials found in drop boxes prior to dumping, and materials dumped at the transfer stations, as well as scrutiny of office recycling practices.
4. Consider revising Metro Code for thrift credit allocations to provide greater incentives to increase recycling rates
5. Request Metro Council review of the Annual Waste Reduction Program to decide whether its funding should be through grants requiring specific performance measures or continued as a modified form of revenue sharing.

*All are in process:* Complete implementation is expected in the first quarter of fiscal year 1999.

---

## **Oregon Convention Center Purchasing Practices**

**March 1997**

---

We reviewed Oregon Convention Center purchasing practices to evaluate the effectiveness of management controls, determine whether policies and procedures ensure supplies and services are obtained at competitive prices and identify opportunities to streamline Convention Center purchasing processes.

We found that:

- MERC's purchasing policies and procedures need updating
- Internal controls should be strengthened to ensure materials and services are obtained at competitive prices and MERC policies are followed
- The Convention Center may be able to save money through buying in larger volumes
- Purchasing and payment approval processes can be simplified.

A number of recommendations were made to address the report's findings.



### **Remaining Recommendations (of 16 total):**

1. Ensure compliance with MERC purchasing and contracting policies and procedures.
2. Ensure MERC purchases comply with relevant Oregon statutes.
3. Identify strategies to obtain equipment, supplies and services at the lowest cost, consistent with objective of fostering opportunities for Target Area, MBE and WBE vendors.
4. Streamline MERC purchasing and invoice review procedures and practices.
5. Revise MERC purchasing policies and procedures for completeness and consistency with referenced Metro Code provisions.

6. Identify opportunities to purchase more services and supplies on a MERC-wide basis. Explore the feasibility and benefits of negotiating price agreements and contracts jointly with Metro and other government agencies.
7. Develop program to increase awareness of the equipment, supplies and services available on price agreements negotiated by the State of Oregon and other purchasing groups.
8. Take advantage of opportunities to process transactions electronically when Metro installs a new management information system later in 1997.
9. Develop internal control processes for the Oregon Convention Center to ensure:
  - Purchases are authorized prior to ordering
  - Purchases comply with quote requirements
  - Sole-sourced purchases are documented
  - Out-of-state purchases comply with statutes.
10. Allow department managers to authorize small purchases.
11. Instruct vendors to send invoices directly to Metro's Accounts Payable section.

***Most are in process:*** The MERC Commission approved a revised MERC Purchasing Policy and Guidelines in July 1997. Staff is working on a comprehensive revision of a MERC-wide purchasing and contracting procedures manual; planned completion is July 1998. MERC also hired a new director of administration in February 1998 and reorganized its administrative office. It is also streamlining purchasing procedures to take advantage of Metro's InfoLink system and will have appropriate staff trained to use the system in September 1998. MERC took no action to implement the last recommendation.



---

## Franchise Management

August 1996

---

Franchises or licenses for 21 privately owned facilities that receive solid waste, process it for recovery and recycling, and transfer the remainder to landfills are administered by Metro. Our audit evaluated two areas:

- How well franchise and license provisions of the Metro Code serve the policies of the agency
- Metro's administration of franchises and licenses.

Results of the audit indicate provisions in the Metro Code need to be overhauled to reflect changes that have occurred since their adoption in 1981.

Code provisions regarding vertical integration should be addressed. Initially, Metro was concerned about potential domination of the industry by a single company through handling several stages of solid waste processing. Today, continued discouragement of vertical integration could impede the development of mixed dry waste recycling. Finally, franchise oversight needs to be more thorough and consistent.

◇ ◇ ◇ ◇ ◇

### Remaining Recommendations (of 4 total):

1. Overhaul the Metro Code franchise provisions.
2. Ask the Metro Council to clarify the policy restricting relationships between franchised processors and collection and hauling companies.
3. Determine whether franchisee ownership changes should be treated as transfers that are subject to Metro Council review and approval.

*All are in process:* The Regional Environmental Management Department has adopted these recommendations and included them in a revised draft of the Metro Code. A revised code should be adopted by the Metro Council in FY 1998-99.

---

## Investment Management Program

August 1996

---

Metro's cash investments have increased dramatically during the past year with the passage of the open spaces, parks and stream bond measure and they are expected to remain at the current level through the next year.

We found management of the portfolio conforms with policy guidelines. There is a diligent effort to maximize yield while maintaining safety and liquidity of funds; fund performance usually exceeds return standards. Control practices in place appear adequate to safeguard funds.

As Metro continues to grow, the investment program will evolve. We made eight recommendations for future changes to the program.

◇ ◇ ◇ ◇ ◇

### **Remaining Recommendations (of 8 total):**

1. Independently verify yield calculations regularly.

*In process:* The Accounting Division intends to assign accounting staff to periodically verify yield calculations for newly purchased investments. Budget resources were not available to fully implement the recommendation in FY 1999, but the division will consider it in the FY 2000 budget.

---

## Metro's Open Spaces Program

June 1996

---

This limited review focused on whether adequate controls have been established to ensure Metro will achieve the goals of the open spaces, parks and stream bond measure passed in May 1995. Ballot measure goals were to:

- Purchase 5,982 acres in 14 regionally significant natural areas.
- Acquire land to complete five regional trails.
- Provide funds to finance approximately 90 land acquisition and capital improvement projects sponsored by local governments.

The review found adequate controls have been established to provide reasonable assurance the program will achieve its goals. We developed nine recommendations to enhance the likelihood the program's goals will be met.



### **Remaining Recommendations (of 9 total):**

1. Periodically evaluate program goals and progress, and provide the results to the Metro Council.

*In process:* Regional Parks and Greenspaces Department staff have presented quarterly reports to the Metro Council describing the program's achievements since its inception. These reports provide valuable information for evaluating what has been done, but omit a forecast of the department's ability to achieve program goals. This could be accomplished by adding a brief narrative to quarterly reports describing problems acquiring acreage within various target areas, alternatives for resolving problems and probable impacts of failing to meet targets. This suggestion takes on added importance because it will be necessary to educate four new councilors in January 1999 as to what needs to be done to assure meeting program goals.

---

## Review of Metro's Solid Waste Enforcement Unit

February 1996

---

Metro's enforcement unit was established to stop the loss of as much as \$2 million a year from the solid waste revenue stream. Although its main purpose is recovering Metro fees and charges on solid waste, the Unit also is responsible for cleaning up illegal dump sites. Unit actions have recovered user fees, fines and other revenue for Metro, and over 1200 illegal dump sites have been cleaned up.

Additional measures of the Unit's effectiveness are needed. This process needs to begin with clear statements of the Unit's objectives and role in Metro's overall solid waste management effort. Flow control enforcement objectives should also directly address the risk of revenue loss and allow measurement of the Unit's progress.

In addition to the general need for integration of the Unit's activities into solid waste management, two specific problems need attention. The first problem is the definition of "beneficial material" and its exclusion from Metro fees. The second problem is the continued misidentification of Metro-area solid waste at several landfills.

◇ ◇ ◇ ◇ ◇

### **Remaining Recommendations (of 7 total):**

1. Develop a clearer definition of "beneficial material" and address misidentification of Metro waste at area landfills.

*In process:* The Regional Environmental Management Department adopted this recommendation and included it in a revised draft of the Metro Code. The revised code should be approved by the Metro Council in FY 1999.

---

## **Administration of Existing Contract for Waste Disposal Services**

**January 1996**

---

The Waste Disposal Services Contract provides Metro with the capacity to dispose of nearly 17 million tons of waste at Columbia Ridge Landfill until the contract expires in December 2009. It is Metro's largest public contract, with a total value of about \$570 million. The audit found that Metro's Regional Environmental Management Department has generally effective systems and procedures for reviewing Oregon Waste Systems' (OWS) billings and ensuring that both OWS and Metro comply with contract terms. Management should adopt measures to further assure contract terms are carried out as intended.



### **Remaining Recommendations (of 9 total):**

1. Implement additional security measures to protect computers and waste load data at transfer stations.

***In process:*** The Regional Environmental Management Department plans to have both of the outbound scales automated by the end of 1998 and believes that this will take care of the issue.

---

## Observations Relating to Loaned Employees and Metro's Code of Ethics

September 1995

---

Loaned employee programs allow government agencies to take advantage of expertise at little or reduced expense. In mid-1993, Metro's Planning Department requested an environmental organization to loan an employee to assist on water resource projects. Concerns about possible public confusion of his advocacy on environmental issues with Metro policy led to his resignation in early 1995.

Controversies surrounding the loaned employee's activities might have been avoided if Metro had had a policy regarding such arrangements. We reviewed areas where improprieties could have occurred:

- Both the loaned employee and the organization that employed him contracted with Metro.
- A Metro employee who worked closely with the loaned employee was an unpaid officer of the organization that employed the loaned employee.

Our investigation found no improprieties, however, it is understandable that a reasonable person might have suspected conflicts of interest. Metro's code of ethics lacks clear statements regarding the need for trust, objectivity, accountability and leadership, as well as the actions required to achieve these goals. A more comprehensive code of ethics could help avoid unethical conduct or its perception.

◇ ◇ ◇ ◇ ◇

### Remaining Recommendations (of 1 total):

1. Consider establishing a comprehensive code of ethics for Metro.

*In progress:* Metro's Executive Officer issued Executive Order No. 66, establishing a code of ethics for Metro employees and appointees. The order does not apply to employees of the Metro Council, Office of the Auditor or Metropolitan Exposition-Recreation Commission (MERC). The Metro Auditor adopted the policy for that office. The Metro Council considered a code of ethics but has not adopted one. MERC reported that they have no plans to establish a code of ethics.



## **Chapter 3: Status Summary of All Recommendations**

---



---

## Status of Recommendations

---

The following list includes a summary of all recommendations from reports issued since the office was established in 1995 in reverse chronological order.

Most audit suggestions have either been implemented or their implementation is under way. A “√” indicates the recommendation was implemented. The notation “In process” indicates the relevant organization has begun implementing or has partially implemented the suggestion. “Action started” acknowledges that initial work has started but much of the work remains to be done.

For further information on audits with outstanding recommendations, refer to Chapter 2, where those reports are summarized and more detail is provided on remaining recommendations and steps taken toward implementation.

---

## Status of Recommendations

---

### Expo Center Expansion: Construction Cost Management

March, 1998

When managing future construction projects using the CM/GC contracting approach, MERC should:

1. Document approval of all changes and decisions resulting in subcontract amendments.
2. Compare prices and rates charged for general services to those available from others and document results of comparisons.
3. Obtain adequate support for expenditures before reimbursing the general contractor.
4. Thoroughly review indirect services to ensure they are necessary and prudent.
5. Consider raising the threshold for sealed bidding, then ensure the required sealed bidding procedure is followed.
6. Retain funds in accordance with contract; consider reducing the contract retention requirement if it is too aggressive.
7. Develop criteria for staff to use to decide which costs to record for projects.

*The first six recommendations could not be implemented as MERC has not entered into any CM/GC contracts since the completion of the Expo Center expansion (see page 3).*

Not done

---

## Status of Recommendations

---

### Urban Growth Boundary Planning Processes and Decisions Can Be More Credible

September, 1997

1. Establish independent peer review groups to verify evidence and analytical procedures that support the growth planning process and related performance measures. Publish peer review results to stakeholders and the general public. Action started
2. Clearly and fully discuss range of accepted uncertainty in the evidence or in projections based on the evidence. Disseminate related analyses, conclusions and recommendations to stakeholders and the public. Action started
3. Discuss projections, forecasts and assumptions that contain a range of possible outcomes in terms of potential outcomes for UGB decisions and disseminate the record of these discussions. Action started
4. Use results of peer review, analyses and feedback to facilitate consensus on individual variables and the need, if any, for a change in the UGB and for consideration of Functional Plan performance measures. Action started
5. Identify all potential UGB stakeholders and work to keep them fully informed about data produced and outcomes associated with planning activities. Action started

---

## Status of Recommendations

---

### RLIS Data: Customer Survey and Implications

September, 1997

- |  |                |
|--|----------------|
| 1. Develop a plan to improve accuracy, level of detail and timeliness of RLIS data including operational changes or additional resources needed to improve data, and define what cannot be accomplished and reasons why. | Action started |
| 2. Increase efforts to explain limitations of RLIS products to potential customers.  | √              |
| 3. Ensure customers know whom to contact to resolve problems and develop a formal system to track problems until resolved.   | In process     |
| 4. Give clear, detailed explanations of the items invoiced.  | √              |
| 5. Meet with the business community/DRC customers to discuss their needs for RLIS data and the cost of such data.  | In process     |
| 6. Consider establishing a subscriber newsletter.  | In process     |
| 7. Continue to explore the use of value-added resellers.   | In process     |
| 8. Develop new strategic relationships with Metro's local government partners.   | In process     |
| 9. Establish high-speed connections between DRC and jurisdictions that create and maintain data.   | Withdrawn      |

---

## Status of Recommendations

---

### Waste Reduction Grant Programs

August, 1997

1. Develop and document clear procedures for administering the Recycling Business Development Grant Program. In process
2. Evaluate the Recycling Business Development Grant Program's effectiveness by assessing accomplishments of first two grants. In process
3. Revise Metro Code to require thrifts to report annual disposal tonnage by May 15<sup>th</sup> to coincide with reporting year and allow time to calculate credit allocations. Withdrawn
4. Determine proper budget title and classification of the Thrift Recycling Credit Program to achieve full budgetary disclosure. ✓
5. Perform detailed audits of the thrifts including materials disposed in the receiving and sorting process, materials found in drop boxes prior to dumping, and materials dumped at the transfer stations, as well as scrutiny of office recycling practices. In process
6. Consider revising Metro Code for thrift credit allocations to provide greater incentives to increase recycling rates. In process
7. Request Metro Council review of the Annual Waste Reduction Program to decide whether its funding should be through grants requiring specific performance measures or continued as a modified form of revenue sharing. In process

---

## Status of Recommendations

---

### Oregon Convention Center Purchasing Practices

March, 1997

1. Ensure compliance with MERC purchasing and contracting policies and procedures. In process
2. Ensure MERC purchases comply with relevant Oregon statutes. In process
3. Identify strategies to obtain equipment, supplies and services at the lowest cost, consistent with objective of fostering opportunities for Target Area, MBE and WBE vendors. In process
4. Streamline MERC purchasing and invoice review procedures and practices. In process
5. Revise MERC purchasing policies and procedures for completeness and consistency with referenced Metro Code provisions. In process
6. Identify opportunities to purchase more services and supplies on a MERC-wide basis. Explore the feasibility and benefits of negotiating price agreements and contracts jointly with Metro and other government agencies. In process
7. Develop program to increase awareness of the equipment, supplies, and services available on price agreements negotiated by the State of Oregon and other purchasing groups. In process
8. Take advantage of opportunities to process transactions electronically when Metro installs a new management information system later in 1997. In process

---

## Status of Recommendations

---

### Oregon Convention Center Purchasing Practices (continued)

9. Consider changing purchasing policy to: √
- Reduce required number of competitive quotes for certain purchases costing between \$2,500 and \$10,000
  - Require purchasers to document attempts to obtain quotes from Target Area vendors when making small purchases of services.
10. Consider joining Metro's purchasing card program. √
11. Develop internal control processes for the Oregon Convention Center to ensure: In process
- Purchases are authorized prior to ordering
  - Purchases comply with quote requirements
  - Sole-sourced purchases are documented
  - Out-of-state purchases comply with statutes.
12. Identify opportunities to use more open purchase orders. Withdrawn
13. Allow department managers to authorize small purchases. In process
14. Instruct vendors to send invoices directly to Metro's Accounts Payable section. Not done

---

## Status of Recommendations

---

### Comments on Solid Waste Rate Reform Project

October, 1996

Undertake a study:

1. Of rate-making practices in the utility industry.
2. Of rate structures funding solid waste programs in other governments.
3. To identify a more effective rate structure for Metro.
4. To develop potential rate structures tailored to Metro's needs.
5. To request stakeholder input focused on replacing the current rate structure.

*These recommendations  
were withdrawn  
because  
circumstances  
changed.*



---

## Status of Recommendations

---

### Franchise Management

August, 1996

1. Overhaul the Metro Code franchise provisions. In process
2. Ask the Metro Council to clarify the policy restricting relationships between franchised processors and collection and hauling companies. In process
3. Determine whether franchisee ownership changes should be treated as transfers that are subject to Metro Council review and approval. In process
4. Develop an oversight system covering all regulation issues. ✓

---

## Status of Recommendations

---

### Investment Management Program

August, 1996

1. Clarify roles and responsibilities of staff managing investments. ✓
2. Reconcile Metro Code priorities and investment criteria. ✓
3. Independently verify yield calculations regularly. In process
4. Finish updating the Metro Code investment policy. ✓
5. Evaluate the effectiveness of cash forecasting in meeting Metro's investment objectives. ✓
6. Evaluate use of Investment Advisory Board meetings. ✓
7. Evaluate the use of investment information sources. ✓
8. Consider changing the investment report format. ✓

---

## Status of Recommendations

---

### Grant Management

July, 1996

1. Speed invoicing and improve cash flow by:
  - a. Changing fund allocations independently of invoicing. ✓
  - b. Investigating downloading expense data to the grant management system sooner. ✓
  - c. Obtaining management approvals concurrent with invoice processing. ✓
  - d. Establishing a goal for mailing invoices and monitoring performance. ✓
2. Ensure all grants are identified for compliance monitoring by:
  - a. Setting criteria to classify contracts and grants. ✓
  - b. Designating staff to make contract vs. grant decisions. ✓
  - c. Documenting the basis of contract vs. grant decisions. ✓
3. Ensure grant subrecipients comply with grant regulations by:
  - a. Identifying subrecipients when subcontracts are initiated. ✓
  - b. Improving management of sub-grants. ✓
4. Improve procedures for adjusting grant allocations by:
  - a. Establishing written procedures for allocation changes. ✓
  - b. Communicating major allocation changes as appropriate. ✓
5. Ensure consistent grant management across departments by:
  - a. Recording key information when initiating a grant agreement. ✓
  - b. Requiring departments to maintain and exchange grant information on a timely basis. ✓
  - c. Establishing a forum of staff with grant management responsibilities. ✓
  - d. Developing specific procedures for revenue-generating contracts. ✓
  - e. Submitting all grant contracts to the Risk and Contract Management Division for review and monitoring. ✓

---

## Status of Recommendations

---

### Metro's Open Spaces Program

June, 1996

1. Avoid disclosing Metro's offer prices to independent appraisers. ✓
2. Periodically evaluate program goals and progress, and provide the results to the Metro Council. In process
3. Ensure accurate identification of properties approved by the Metro Council for acquisition. ✓
4. Provide better security for refinement area maps. ✓
5. Discourage staff from disclosing appraisal and purchase information before Metro has acquired properties. ✓
6. Ensure all due diligence procedures have been completed. ✓
7. Clarify "unusual circumstances" for property purchase. ✓
8. Document the steps that staff should follow in developing acquisition strategies and communicate it to Metro's real estate negotiators. ✓
9. Develop a procedure for local governments to change those authorized to request local share payments. ✓

---

## Status of Recommendations

---

### Review of Metro's Solid Waste Enforcement Unit

February, 1996

1. Determine whether enforcement has prevented loss of solid waste revenue. ✓
2. Better integrate enforcement with the Regional Solid Waste Management Plan. ✓
3. Establish measurable objectives for enforcement efforts. ✓
4. Delegate enforcement authority to facilitate prosecution and make penalties consistent within Metro's boundary. ✓
5. Assess whether Metro's cleanup efforts are too concentrated in Multnomah County. ✓
6. Coordinate with local jurisdictions to ensure equitable handling of illegal dumping within Metro boundary. ✓
7. Develop a clearer definition of "beneficial material" and address misidentification of Metro waste at area landfills. In process

---

## Status of Recommendations

---

### Administration of Existing Contract for Waste Disposal Services

January, 1996

1. Request a reduction in the disposal rate to correct a previous rounding error. ✓
2. Develop a method to verify billing credits for waste delivered to Columbia Ridge Landfill by others. ✓
3. Implement additional security measures to protect computers and waste load data at transfer stations. In process
4. Develop measures to prevent the transport of unweighed waste into Metro transfer stations. ✓
5. Assign responsibility for monitoring Metro's guarantee to deliver 90% of "acceptable" waste to OWS. ✓
6. Continue closely monitoring waste tonnage hauled in and out of transfer stations. ✓
7. Ensure outbound waste load data are accurate. ✓
8. Require documentation and close review of hand-written load data. ✓
9. Annually verify that OWS has met insurance requirements. ✓

---

## Status of Recommendations

---

### Glendoveer Cellular Site Lease

October, 1995

1. Ensure lease revenue is competitive when negotiating future leases. ✓
2. Obtain independent bids to ensure competitive payment when negotiating leases that require lessee to perform services paid by Metro. ✓
3. Evaluate the effects of changes affecting the Glisan Street Recreation contract and enforce the provisions accordingly. ✓
4. Route quotes and invoices for services rendered under the Cellular Site Lease to the Parks Department Director. ✓

---

## Status of Recommendations

---

### Observations Relating to Loaned Employees and Metro's Code of Ethics

September, 1995

1. Consider establishing a comprehensive code of ethics for Metro. In process



---

## Status of Recommendations

---

### Observations Relating to the Outreach and Educational Program's Salmon Festival

September, 1995

1. Ensure employees preparing financial reports for the festival have the necessary skills to prepare reliable and meaningful reports. ✓
2. Use available project codes to record revenues and expenses of events like the Salmon Festival. ✓
3. Consider reevaluating the costs and benefits of the Salmon Festival once reliable financial reports are available. ✓

## **Response to the Report**

---

**METRO**

July 9, 1998

Alexis Dow, CPA  
Metro Auditor  
600 NE Grand Avenue  
Portland, OR 97232

Dear Alexis:

I very much appreciate your review of the status of recommendations from the Auditor's Office regarding a number of Metro/MERC activities.

As you know, MERC operates under the control of a separate commission and so I cannot comment on the status of those recommendations.

The recommendations made by the various audits have offered the departments opportunities for improvement of operational and managerial functions. The departments, as noted in your review, are at various stages in implementing the audit recommendations; some will take longer to implement than others, while some have associated costs which have not been budgeted. This is particularly an issue when we consider creating outside expert panels.

I am pledged to continue to improve the management practices of this government and I appreciate the role the audits play in helping with that. I look forward to continuing to work with you in implementing your recommendations.

Best regards,

Mike Burton  
Executive Officer



## Metro Auditor Report Order Form

600 NE Grand Avenue, Portland, OR 97232-2736

### I would like to receive the following report(s):

- Expo Center Expansion: Construction Cost Management (March 1998)
- UGB Planning Processes and Decisions Can Be More Credible (September 1997)
- RLIS Data: Customer Survey and Implications (September 1997)
- Oregon Convention Center Purchasing Practices (March 1997)
- Comments on Solid Waste Rate Reform Project (October 1996)
- Franchise Management (August 1996)
- Investment Management Program (August 1996)
- Grant Management (July 1996)
- Metro's Open Spaces Program (June 1996)
- Review of Metro's Solid Waste Enforcement Unit (February 1996)
- Administration of Existing Contract for Waste Disposal Services (January 1996)
- Glendoveer Cellular Site Lease (October 1995)
- Observations Relating to Loaned Employees and Metro's Code of Ethics (September 1995)
- Observations Relating to the Outreach and Educational Program's Salmon Festival (September 1995)

### Please send the report(s) to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip+4: \_\_\_\_\_

Your report(s) should be mailed to you within two days of your request. We do not charge for copies of audit reports.

*If you have any questions, please contact Metro Auditor Alexis Dow:*

*Call:* (503) 797-1891

*Fax:* (503) 797-1831

*Email:* [dowa@metro.dst.or.us](mailto:dowa@metro.dst.or.us)



METRO

# Metro Auditor Report Evaluation Form

**Fax... Write... Call...  
Help Us Serve Metro Better**

Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well-being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.



**Name of Audit Report:** \_\_\_\_\_

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Suggestions for our report format:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Suggestions for future studies:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Other comments, ideas, thoughts:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Name (optional):** \_\_\_\_\_

Thanks for taking the time to help us.

Fax: 797-1831  
Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736  
Call: Alexis Dow, CPA, Metro Auditor, 797-1891  
Email: [dowa@metro.dst.or.us](mailto:dowa@metro.dst.or.us)