

## *Office of the Metro Auditor* **ANNUAL REPORT**

September 2009

### *Citizens of the Metro Region,*

It has been almost three years since I took office as Metro's Auditor and I am proud of the work that has been completed. Starting this fiscal year, we will begin a new practice and follow up on three of our prior audits to check on progress made. Our purpose will be to identify barriers in completing any recommendations and offer potential solutions. Among our other accomplishments this year:

- The Office completed six audits. Each audit was well received by management and the Metro Council. For a brief description of the audits released, see page 4.
- A total of 54 recommendations were made that, when implemented, will improve the effectiveness and accountability of Metro and MERC programs and the quality of information available to the public.
- In a national competition, the Association of Local Government Auditors awarded our office the 2008 Silver Knighton Award for our Waste Reduction and Outreach audit.
- The first progress report on the new Ethics Line was completed and presented to Council.

I appreciate the support received from the Metro Council and the cooperation extended to us by management and staff. I look forward to continuing our work with the Metro Council, MERC Commission, the Metro Chief Operating Officer, management and staff in finding ways to improve productivity and effectiveness. I also thank citizens who, over the past year, have supported this office's work or provided input for improvement.

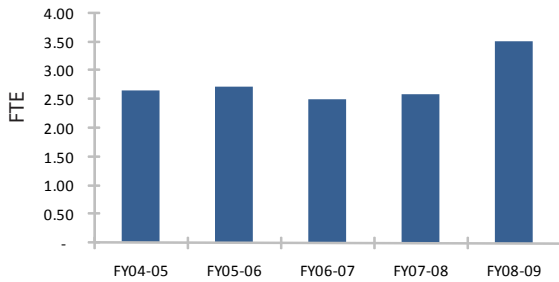
Sincerely,



Suzanne Flynn  
Metro Auditor



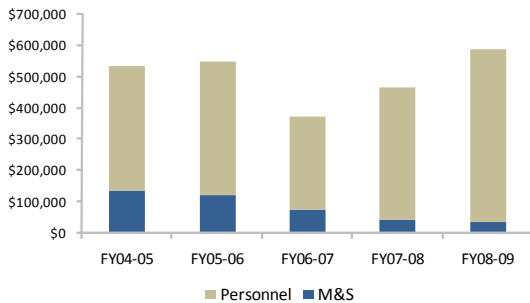
### Staffing (full-time equivalency)



This graph represents the actual staffing for the Auditor's Office. The Metro Council approved the addition of a staff auditor beginning in FY09, bringing the number of auditor positions to a total of four. Because of vacancies and leave, the full time equivalency was 3.5 for the fiscal year.



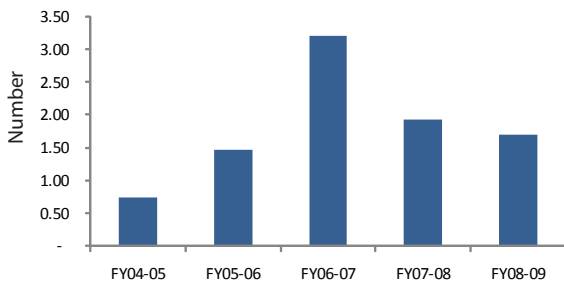
### Expenditure (adjusted for inflation)



The addition of a new staff auditor in FY09 is the primary reason for the increase in expenditure from FY08 to FY09. Expenditure on materials and services (M&S) declined in FY07 after the contract for the external auditor was removed from the budget. In FY09, spending on M&S accounted for only 5% of the total.



### Audits per FTE



The number of audits that can be completed each year is the result of staff hours available and the audit focus. Vacancies or leave can reduce the hours available. The length of time to complete an audit is affected by the complexity of the subject and size of the program. In FY09, 1.7 audits per FTE were completed, down from 1.9 in FY08. In FY07, the rate was higher because audits required fewer hours to complete and the Office used outside contractors.

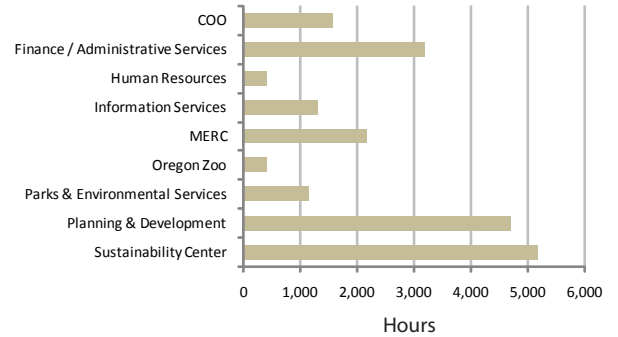




One reason for placing an audit on the schedule is if the department has not been audited extensively or as frequently. The Office is currently working on an audit of the Oregon Zoo and will begin an audit in Fall 2009 of Payroll and Benefits in the Human Resources Department; two areas that have received less attention in the past five years.

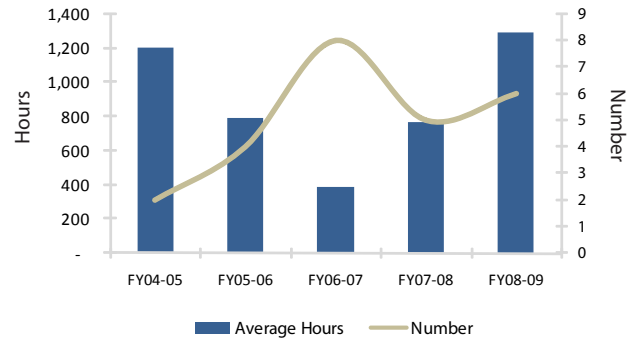


### Audit Hours by Department (FY04-FY09)



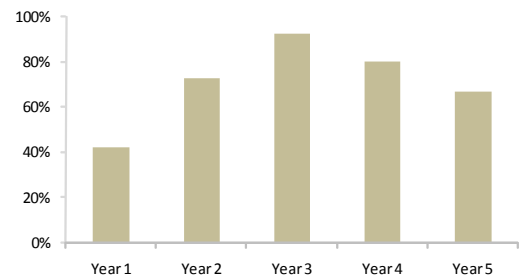
Audits vary in length, depending on their scope and complexity. In FY09, six audits were completed. The hours required to complete those audits ranged from 242 hours to 1,775 hours.

### Average Hours per Audit and Number of Audits



Annually, our office surveys auditees, asking them to report on the status of recommendations. This rate represents the percent of recommendations that were implemented from one to five years after the audit was issued. A positive trend would show the percentage increasing as time from audit completion increases. According to the survey completed in January 2009, by the fifth year from an audit's completion, 67%\* of recommendations were implemented.

### Implementation Rate 1 to 5 years after audit issued



\* A lower rate during the fifth year is attributed to recommendations made in FY04 for the Oregon Convention Center expansion audit. No construction has occurred since that time to implement the recommendations.

## Audits Completed, Underway and Scheduled



### Audits Completed in FY08-09

Below is a summary of audits completed last fiscal year

**Transit-oriented Development Program (Aug 2008).** The TOD Program was transferred from TriMet in 1996 and is a fairly unique program nationally. The purpose of our audit was to review the management and project selection processes. The Program has undergone changes and completed several projects since its inception, which made this an opportune time to re-examine its objectives and procedures. *(Audit team: King, Lieber)*

**Waste Reduction & Outreach (Nov 2008).** Our audit took note of the changing environment in determining if this Division of the Department of Solid Waste and Recycling used its resources strategically. Recent events suggested that Metro should realign resources to better support waste prevention activities and we recommended a strategic shift in resources. *(Audit team: Lieber, Taylor, Evans)*

**Sustainability Management (Feb 2009).** Growing concern about global warming has caused businesses and governments to examine their effect on the environment. The audit looked at Metro's efforts to increase the sustainability of its internal operations. *(Audit team: Evans, King)*

**Fleet Management (March 2009).** Metro has various methods to provide employees with transportation to its work sites and facilities. The purpose of this audit was to determine if Metro's fleet services were managed efficiently and effectively. *(Auditor: Flynn)*

**Procurement Card Program (May 2009).** A sampling of procurement card transactions over a two-year period for Metro and MERC was examined. Based upon our review, we were reasonably assured that fraud and abuse did not occur during the period studied. *(Audit team: Wager, King)*

**IT Software Controls (June 2009).** Management of information technology functions was dispersed between the Information Services Department and departments throughout the agency. Auditors examined three software applications from different service areas at Metro. This audit assessed whether procedures designed to ensure data quality were effective and if key practices were followed to ensure successful IT management. *(Audit team: Evans, Lieber)*

#### Audits Underway

The following audits are currently underway, with the anticipated audit report release dates noted.

	Start Date	Expected Completion
Oregon Zoo	underway	Nov 2009
Regional Transportation Project Outcomes	underway	Jan 2010
Financial Condition of Metro FY2000-09	underway	May 2010

#### Future Audits

	Start Date	Expected Completion
Natural Areas Audit follow-up	Nov 2009	Dec 2009
Payroll & Benefits	Nov 2009	April 2010
Public Engagement & Transparency	Jan 2010	July 2010
Budget Performance Measures	March 2010	July 2010
Functional Plan Compliance Audit Follow-up	April 2010	May 2010
Administration / Management of Large Contracts	June 2010	Nov 2010

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Read about the Audit Office staff on our website at <http://www.oregonmetro.gov/auditor>