



Office of the Auditor
Annual Report
FY 2011-2012

Suzanne Flynn, Auditor

November 2012

Office responsibilities and staff

The purpose of the Metro Auditor’s Office is to ensure that Metro operations are in compliance with laws and regulations, assets are safeguarded and services are delivered effectively and efficiently. The Office achieves this purpose by conducting performance audits. Performance audits provide objective analysis so that management and the Metro Council can use the information to improve program performance and operations, reduce costs, facilitate decision-making and contribute to public accountability.

The Office also provides transparency in government. Audit reports provide the Council and public with a better understanding of Metro operations. Audit findings and recommendations are presented publicly before the Council and are intended to assist the Council and Chief Operating Officer in making improvements that will better serve the public.

The Office includes the elected Auditor, four staff auditors and an administrative assistant:

- Suzanne Flynn, *Metro Auditor*
- Michael Anderson, *Senior Management Auditor*
- Brian Evans, *Senior Management Auditor*
- Mary Hull Caballero, *Senior Management Auditor*
- Kristin Lieber, *Principal Management Auditor*
- Lisa Braun, *Administrative Assistant*

Performance measures

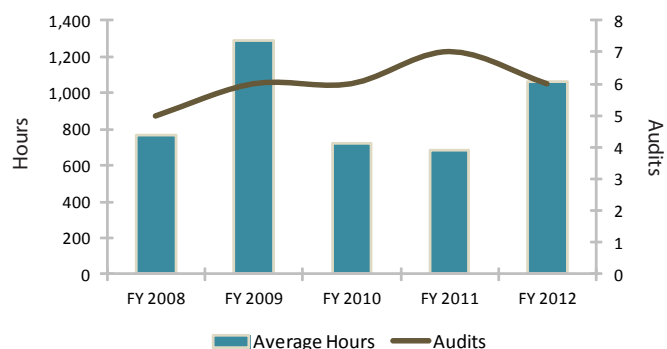
The Audit Office’s performance is measured by reviewing results in the following areas:

- Average hours to complete an audit and number of audits completed each fiscal year.
- Total staff audit hours per department.
- Audits completed per full time equivalent (FTE) employee.
- Audit recommendation implementation rate within five years after completion of an audit.

Average hours per audit and number of audits

Audits vary in length, depending on their scope and complexity. In FY 2011-2012, six audits were completed. The hours required to complete those audits ranged from 166 to 2,797 hours and averaged 1,065 hours.

The average time to complete an audit in FY 2008-09 was higher than other years because of the complexity of the audits conducted during that period.

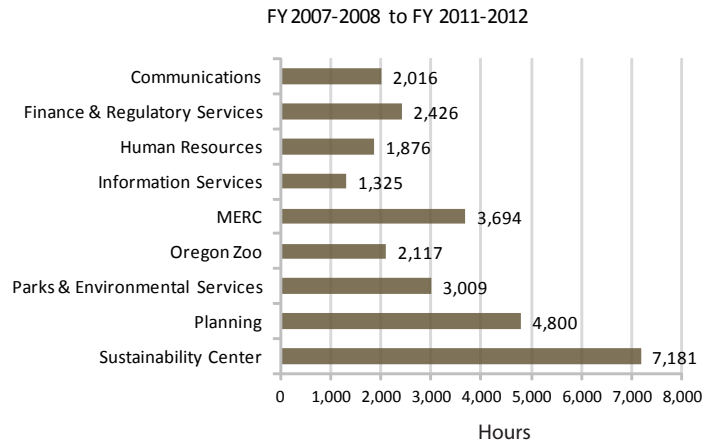


Audit hours by department

When selecting audits to place on the audit schedule, one consideration is the frequency of audits performed in each department of Metro. Some other criteria are:

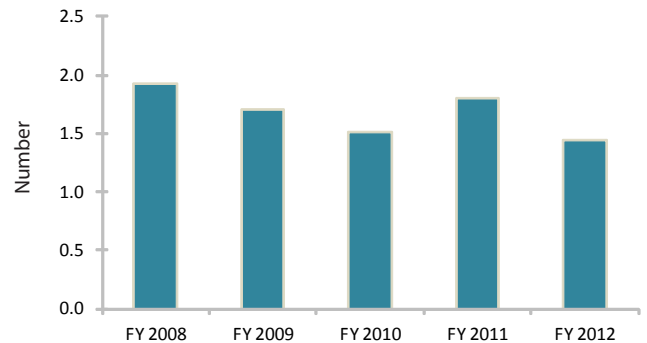
- Potential for savings or improvement.
- Interest of Council or public.
- Potential for loss.

Some programs are more complicated and require more hours to audit. The office also spends more audit hours in larger departments, as there are more programs to audit.



Audits per FTE

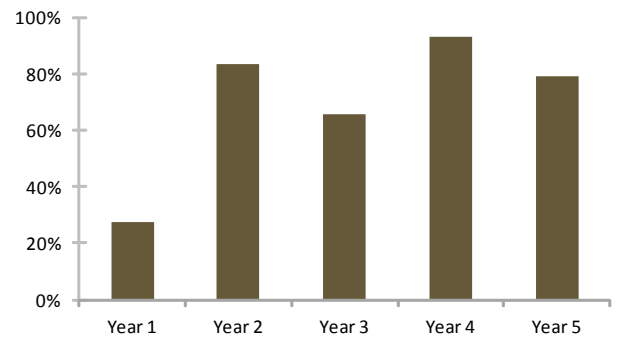
Staff hours available and the audit focus determine the number of audits that can be completed each year. The length of time to complete an audit is affected by the complexity of the subject and size of the program. In FY 2011-12, 1.5 audits per FTE were completed, down from 1.8 the prior year.



Recommendation implementation rate

Our office surveys program managers annually to report on the status of recommendations. We track the percent of recommendations reported as implemented from one to five years after the audit was issued. Implementation rates are adjusted after completing a follow-up audit.

A positive trend would show the percentage increasing as time from audit completion increases. According to the most recent survey, 79% of recommendations from audits completed five years earlier were implemented.



Audits released

The office issued six audit reports in FY 2011-2012, which included four full audits and two follow-up audits. There were a total of 22 recommendations made. The audit reports released were:

- Large Contract Administration (July 2011) Audit team: Lieber, Anderson
- Oregon Zoo Construction follow-up (Oct. 2011) Auditor: Lieber
- Recruitment and Selection Process (Nov. 2011) Auditor: Flynn
- Natural Areas Maintenance (April 2012) Audit team: Evans, Anderson
- Financial Condition of Metro FY 2002-2011 (June 2012) Auditor: Flynn
- Sustainability Management follow-up (June 2012) Auditor: Evans

Audit schedule, FY 2012-2013

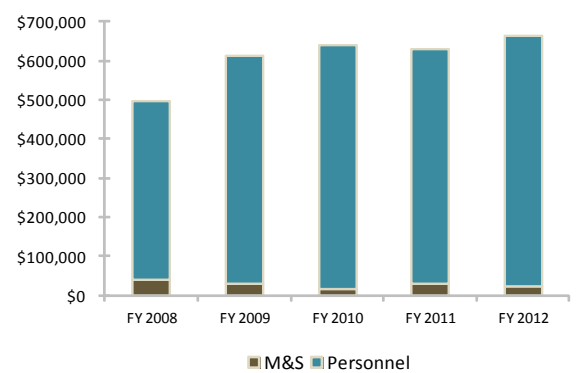
Each year, the Metro Auditor schedules audits for the upcoming year.

Audit Title	Start Date	Actual/Estimated Completion Date
Span of Control	Underway	Nov. 2012
Risk Management	Underway	Dec. 2012
Transportation Project Outcomes	Underway	May 2013
Organics Waste System	Underway	TBD
IT Software Controls Follow-up	TBD	TBD
Visitor Experience - Parks	TBD	TBD
Procurement	TBD	TBD

Expenditure (adjusted for inflation)

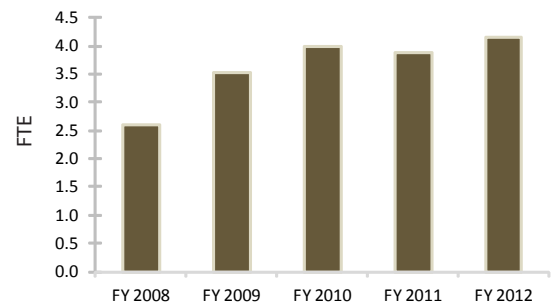
Expenditure for personnel and materials and services (M & S) in FY 2011-2012 increased over the previous fiscal year by 7%. This was primarily due to the office being fully staffed in FY 2011-2012. Spending on M & S accounted for 3.7% of the total, down from 4.8% in FY 2011-2012.

The addition of a new staff auditor in FY 2008-2009 caused the increase in personnel expenditure that year.



Staffing available

This graph represents actual staff hours available. The Metro Council approved the addition of a staff auditor in FY 2008-2009, bringing the number of auditor positions to four. In FY 2011-2012, there was a total of 8,031 staff hours available, the equivalent of 4.15 FTE. This was because of a temporary employee hired to assist us on our audit of Transportation Project Outcomes.



Mission and values

Our mission is to:

- Ensure that Metro is accountable to the public;
- Ensure that Metro activities are transparent; and
- Improve the efficiency, effectiveness and quality of Metro services and activities.

We do this by:

- Conducting independent and objective assessments, and
- Reporting our findings and recommendations.

It is our vision to be relevant and efficient, choosing the right areas to audit and completing audits quickly so that Metro can continually improve its services and be accountable to the public.

Values:

- Professionalism
- Wise and equitable use of resources
- Support findings with fact
- Balanced perspectives
- Ethical behavior
- Being open minded
- Respectful of others
- Credibility

Award-winning audits

Annually, the Association of Local Government Auditors gives awards for audit excellence. Most recently, the Office of the Metro Auditor won the 2011 Gold Knighton Award for best audit in the Small Shop category for its audit "Administration of Large Contracts." Since 2000, the office has won a total of ten awards.

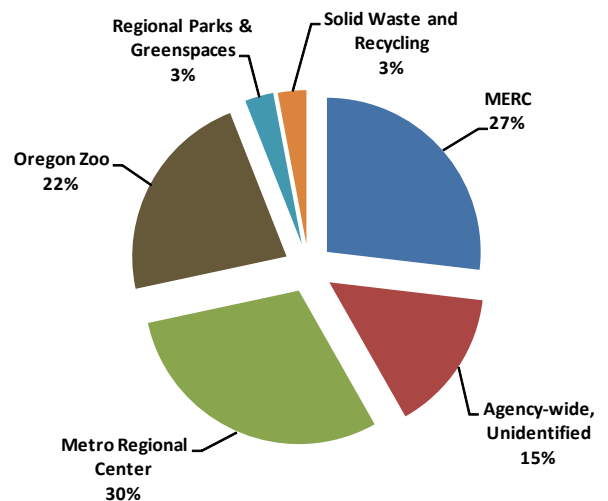
Ethics Line summary

The Metro Auditor administers the Ethics Line in consultation with a Steering Committee that includes the Chief Operating Officer, Metro Attorney, Deputy Chief Operating Officer, MERC General Manager, Human Resources Director and Finance and Regulatory Services Director. The Ethics Line gives employees and citizens an avenue to report misconduct, waste or misuse of resources.

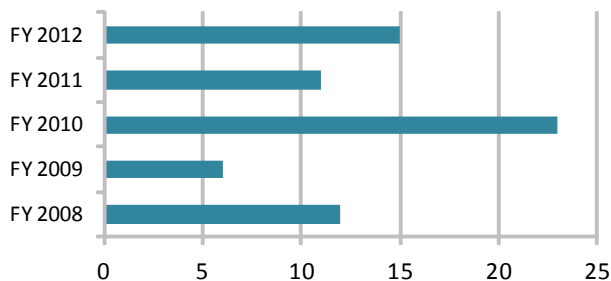
When new cases are received, they are usually assigned to Metro management to investigate. At any time, the Auditor can also initiate an independent audit. The Auditor posts the results of the investigation on the Ethics Line system for the complainant to access. Audits are posted to the Auditor's web site. Since its inception, 67 reports have been received. Of the 57 cases successfully investigated, 31 were unfounded.

Results FY 2007-2008 to FY 2011-2012	Total
Not investigated - Frivolous	1
Not investigated - Inadequate information	4
Not investigated - Out of jurisdiction	4
Successfully investigated	57
Withdrawn by reporter	1
Total	67

Location of reports received



Number of reports received



Average days to close case

