

DATE: Wednesday, January 27, 2016

TO: Metropolitan Council Audit Committee

FROM: Arleen Schilling, Director, Program Evaluation and Audit

SUBJECT: Departmental Performance in 2015

Requirements of the Standards

The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* Standard 1300 require that the Chief Audit Executive (Director) develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness. This Memo summarizes the internal assessment.

There are several measures we use to evaluate our effectiveness. They are as follows:

Audit Plan Completion

For 2015, the approved plan contained 16 audit or evaluation projects and eight recurring reviews. Four projects were postponed and one was changed to a consultation. The following is a summary of the projects worked on in 2015:

2014 Audits Completed in 2015	5
2015 Audits Completed in 2015	5
2015 Audits in Progress	9
Follow up Reports	2
Federal and other external reviews	8
Investigations	20
Consultations	10
Annual Projects not Audits Completed in 2015	<u>5</u>
 Total Projects Worked on in 2015	 64

Status of Recommendations

As of year-end 2015, all recommendations have either been resolved or are in progress toward resolution. I believe this reflects the strong collaborative relationship between Program Evaluation and Audit and our clients throughout the Council.

Staff Retention

During 2015 staffing was a challenge. The department entered the year with a vacancy that had resulted from the filling of my former position of Audit Manager. From January until July the position New Starts Project Office auditor position was vacant. The

department added an Auditor who brought ten years of Governmental Audit Office experience to the department.

In May the Audit Manager position became vacant. This left a large gap in the department. This position was filled in September with a manager who brings contract and IT audit experience.

In July an Audit Team Lead was promoted to Equity Manager. In December the position was officially filled with a former Audit Intern.

In December an Audit Team Lead took a position in Livable Communities. Bob Lundberg, our Metro Transit Audit Team Lead, has announced his plans for retirement in March 2016.

Since January 2014 the department has been fully staffed for only one month. The quality of the staff is evident by the demand for their expertise in other Council departments. Despite the staffing shortage significant progress was made in completing the Audit Plan. Strategic use of our Audit interns has helped significantly in achieving goals.

Training

In order to be compliant with Institute of Internal Audit Standards and Governmental Audit Standards all certified staff must have 40 hours of continuing education and the remaining staff must have 20 hours. The Audit staff maintained compliance with the Standards. I attended Vision University which is an IIA sponsored program for new Chief Audit Executives. I utilized information from this training to develop a new client survey and to look at risk assessment through another lens.

External Reviews

2015 was the year for two major reviews the FTA Triennial and the FTA Financial Management Oversight review. Auditors were on site for close to three weeks in January and in September. The Council had no major findings.

Summary

Program Evaluation and Audit continues to provide independent, objective evaluation and audit services that add value to Council operations. Audit's role aligns with the Council's Thrive 2040 accountability principle, by helping to achieve its commitment to monitor and evaluate the effectiveness of its policies and practices toward achieving shared outcomes and a willingness to adjust course to improve performance.

2015 presented many challenges with the transition in employees. The Department operated with at least one vacancy throughout the entire year. Despite the transition within the Department the 2015 performance information demonstrates the continued success of the Department's activities.