

DATE: Wednesday, February 8, 2017

TO: Metropolitan Council Audit Committee

FROM: Arleen Schilling, Director, Program Evaluation and Audit

SUBJECT: Departmental Performance in 2016

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 2016, the revised audit 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:

2015 Audits Completed in 2016	5
2016 Audits Completed in 2016	5
2016 Audits in Progress	3
Follow up Reports	1
Federal and other external reviews	10
Investigations	10
Consultations	7
<u>Annual Projects Completed in 2016</u>	<u>9</u>
Total Projects Worked on in 2016	51

Status of Recommendations

As of year-end 2016, 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.

Staffing

During 2016 staffing was a challenge. The department entered the year with a vacancy that had resulted from the transfer of an Audit Team Lead to Community Development. In early March the department lost another Audit Team Lead to retirement. March through May found the department with vacancies in four of the six audit positions. From September through October the department was fully staffed. A new position was approved for the 2017 budget to address the ongoing need for information audit technology expertise. In December, a temporary hiring freeze was implemented with the result being that for the first five months of 2017 the department will have two auditor vacancies.

As we enter 2017 the internal audit industry is facing staffing challenges.

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. The audit manager and the three auditors are all studying for the Certified Internal Auditor exam.

External Reviews

There were several external reviews with no major findings. 2017 is expected to include at least two major reviews in anticipation of the full funding grant agreements for the Green Line and Blue Line extension projects.

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.

The Regional Administration Customer Satisfaction Survey found only one respondent not satisfied with the Audit departments service.

2017 presents many challenges with the anticipated beginning of construction on the Green Line extension. Ongoing evaluation of the audit plan will occur due to staffing limitations.