

DATE: Wednesday, February 14, 2017

TO: Metropolitan Council Audit Committee

FROM: Arleen Schilling, Director, Program Evaluation and Audit

SUBJECT: Departmental Performance in 2017

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 2017, the revised audit plan contained 10 audit 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 2017:

2016 Audits Completed in 2017	4
2017 Audits Completed in 2017	2
2017 Audits in Progress	8
Follow up Reports	1
Federal and other external reviews	8
Investigations	13
Consultations	5
Annual Projects Completed in 2017	<u>8</u>

Total Projects Worked on in 2017 49

Status of Recommendations

As of year-end 2017, 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 2017 staffing was a challenge. Two vacancies existed for the entire year. In November, Audit was allowed to post the vacant positions. With the decision to move forward on the Gold Line, C Line, D Line, Orange Line, and construction of the addition to the F T Heywood building audit resources are stretched.

The significant increases in construction projects requires Audit to review and approve approximately 100 firms' overhead rate calculations.

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/or have taken parts of the Certified Internal Auditor exam.

External Reviews

There were several external reviews in 2017. Procurement System Review findings will require increased training on independent cost estimation and cost/price analysis for project managers. 2018 may include additional major reviews as the Council applies for a full funding grant agreement for the Green Line extension project. The FTA Comprehensive Triennial Review is scheduled for May 2018.

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. Audit was instrumental in the recovery of approximately \$200,000 in contractor and vendor overcharges in 2017.

The Regional Administration Customer Satisfaction Survey found overwhelming satisfaction with the departments services.

2018 presents many challenges with the departure of the Audit Director and the increase in transit projects. Ongoing evaluation of the audit plan will occur due to staffing limitations.