

**DATE:** October 26, 2021  
**TO:** Metropolitan Council Audit Committee  
**FROM:** Matt LaTour, Director, Program Evaluation and Audit  
**SUBJECT:** Departmental Performance in 2021

### Department Update

- Please join me in congratulating Nick Jelinek on his promotion to auditor-in-charge. Nick was selected through a competitive process that included a number of very qualified applicants. We are confident that his experience and skill earned with us over the past several years have prepared him well to take a new role with more responsibility.
- We plan to post a new position to backfill behind Nick in the coming weeks.
- We still plan to stagger the terms of the Audit Committee members to reflect our charter and ensure continuity going forward. We started the process with internal Council staff to formalize this process, look at any necessary updates to the Audit Committee Charter and work through the steps. We are looking to accomplish staggered terms to coincide with the beginning of the next Council term in 2023. Thank you in advance for assisting us with this effort.

### COVID-19 Update

- The Audit team continues mostly with full-time telework and will continue to do so at least through the end of the year. We have the option to come in and work in our facilities and some of us have do so periodically. All Council employees who would like to continue to telework in 2022 are now completing telework agreements. The Council is also looking at how we will conduct Council meetings, and advisory committee meetings like the Audit Committee. Chair Zelle has already extended our remote meetings policy through the end of the year, so I expect that our next meeting will also be remote. We continue to review options for hybrid meetings going forward.
- The Met Council continues to implement an Incident Command Structure (ICS) that complies with the National Incident Management System. I continue to play the role of Planning Chief for 390 Robert St./Regional Administration/Community Development. The Planning Chiefs (there are five primary and five alternates) track and help resolve issues related to the incident and plan for future challenges related to the pandemic. In general, I don't think my role is generating any concerns with IIA Standard 1112 – Chief Audit Executive Roles Beyond Internal Auditing, except with regard to auditing COOP planning or completing after action reviews of our pandemic response from an independent perspective. Safeguards or alternative (3<sup>rd</sup> Party) direction would likely be needed if there is a need for an independent view of these topics.

### Significant External Audits

- Office of Legislative Auditor — Southwest Light Rail Special Review
- Federal Transit Administration — FY2021 COVID-19 Relief ECHO Drawdown Review
- IRS Wastewater Bond Audit
- Minnesota Office of State Safety Oversight

### Audit Plan Completion

- **Recently Completed Projects**
  - Contract Negotiation (nonstandard)

- Electric Bus Procurement (C-Line)
- Metro Transit Facility Security
- **On-Going Projects**
  - MnDOT Funding Agreements
  - Metro Transit Safety
  - Local Agency Security Officer Contract Review
  - Communications Consultation
  - Technology Governance
  - Job Classification Process

## On-Going Follow Up

- We have completed a review of information stored in our audit database and recently worked through a number of modifications with our developer to better tailor our reporting. I expect that we will have a report including statuses of our past recommendations at our December meeting.
- The team continues to actively work through follow up from recent reports to identify which actions have been taken and which still need action.
- We are starting to include an initial assessment of potential audit follow up testing in our report writing and management response process. We will identify those findings and recommendations that will potentially require additional audit work through re-testing; those that would likely be satisfied through a confirmation of action taken, and those where the risks are mitigated enough that the issue can be left for future consideration through our audit risk assessment process. As we identify those projects that require significant follow up time, we will more explicitly include that testing in our audit plan.

## Other Activities

- **Risk Assessment and Audit Plan** – We've begun our annual risk assessment process by meeting with a number of senior leaders and executives across the organization. We plan to use a similar methodology as last year to compile our observations from these meetings and our experiences throughout the year. We plan to consolidate results and begin to share a draft audit plan for comment with executives in November. The 2022 Risk Assessment and Audit Plan will be presented to the committee for approval in December.
- **Fraud or Ethics Investigations** – We continue to receive complaints or inquiries through our EthicsPoint system and other means. We are currently contracting with a third party to complete one on-going investigation.
- **Strategic Plan** – We have completed our first draft of a 2022-2025 Strategic Plan. A draft was distributed prior to this meeting and will be discussed as an information item later today. We are generally following IIA's Practice Guide: Developing the Internal Audit Strategic Plan. Our goal is to put together a draft that considers our internal SWOT analysis, risk assessments and observations, IIA guidance, the Council's Strategic Plan, among other things. The core of the plan includes a mission (consistent with our Audit Charters); a vision; and goals, objectives, and action plans. We plan to engage with internal stakeholders including Executive Management in the next few weeks and solicit feedback. As recommended by the IIA Practice Guide, once we incorporate feedback, we expect to bring this Plan to the Audit Committee in December for approval.
- **Ethics and Compliance** – We finalized roll out of our EthicsPoint Reporting tool last fall which allows for employee reporting of fraud, waste and abuse and other complaints related to violations of Council Workplace Policies and Procedures. Now that we've lived with the system for a year, we plan to engage our vendor and internal stakeholders in an EthicsPoint Program Enablement project. This process will help us identify and implement real-time improvements

to our case management system to help us better enable high-level reporting on complaints and organizational responses.

- **Audit Database** — We've continued to work with IS on reporting. There were a few glitches with the first draft of the reporting tabs that we are working through this week. I hope that by next meeting we will have some quantitative results on results of our audit work, including on follow-up of prior audit findings and recommendations.
- **Capital Projects and Cyclical Audits Group** — We've started a new internal audit group dedicated to targeted areas at the Council. Guptan Kaplingat and Tunde Ogungbesan will be focused on developing a Capital Projects and Cyclical Audits group that will help us address the several billion that we the region has—or will—commit to major capital projects in the next few years. These audit staff will be primarily dedicated to regular auditing of Capital Projects including major transit projects, major wastewater facility projects, expansion or new construction of Council facilities or infrastructure. Examples of regular audits include contract management reviews, change orders, pay apps, DBE compliance, Buy America, Prevailing Wage, Safety, adherence to interagency agreements, and other funding partner compliance issues. In addition, this group will develop risk indicators and audit programs to periodically audit other Council assets and compliance for topics including, but not limited to asset management, revenue collection, MTPD compliance with evidence storage and body worn camera compliance. This group will also maintain primary responsibility for review and approval of—and contract compliance with—architectural and engineering overhead rates. We've started this work using existing resources, but plan to assess whether targeting additional full-time staff or interns would be cost-beneficial to helping mitigate these key risk areas.