

Internal Memorandum

DATE: January 25, 2012
TO: Metropolitan Council Audit Committee
FROM: Katie Shea, Director of Program Evaluation and Audit
SUBJECT: Performance Indicators for 2011

The International Standards for the Professional Practice of Internal Auditing (section 1300) requires the Chief Audit Executive/Director to develop and maintain a quality assurance and improvement program for the internal audit activity. This memo summarizes performance on the indicators used for quality assurance and improvement.

We collect various pieces of data throughout the year to help us evaluate our performance

- ***The number of projects planned and the number completed for the year*** – The 2011 Audit Plan listed 17 projects. At year's end, 12 of the projects were completed. The Central Corridor (Green Line) contractors wage audit, the audit of the WAM and TxBase procurement systems and the Central Corridor (Green Line) subrecipient monitoring process review are all in progress and will be presented at the next Audit Committee meeting. A review of the Metro Transit Customer Service lost and found process was added and will also be presented at the next Audit Committee meeting. Two projects, the Central Corridor (Green Line) change orders for major contracts audit and the network security audit were delayed due to inadequate staff availability. The audit plan budgets 70% of staff hours, but leaves 30% open to enable us to accommodate requests for work, which can come from any program in any division. In 2011, in addition to the 17 planned projects, Program Evaluation completed 32 other projects that were requested by divisional management. Some were investigations; others were impromptu projects or requests for consultation. Executive management across the Council has indicated that they value timely responses to their requests, and we strive to be as responsive as possible.
- ***Status of Project Recommendations*** – All significant and essential recommendations are documented in our database and follow-up continues until the recommendations are resolved. As of year-end 2011, nearly all recommendations are either in progress or complete. One recommendation from 2010 is not being implemented. A review of the contracts between the Council and Suburban Transit Providers (STPs) found that there were some trips where STPs duplicated trips scheduled for Metro Transit. Program Evaluation and Audit recommended that: **“Language should be included in future agreements prohibiting reimbursement for trips that replicate Council trips.** Minnesota Statute §473.388, most significantly Subd. 2 (b), allows the Metropolitan Council to provide assistance for service that is not already provided by the Council. Providing duplicate service is an inefficient use of resources, and diverts fare revenue from another transit provider.”

A recent update from Metro Transit and MTS states that, "after careful consideration, given the inability to reliably track this information using current technology, as well as the relatively small financial impact, Council staff decided against implementing this change." *Comment: Since this finding was immaterial, Program Evaluation and Audit recommends accepting this response.*

- ***Client feedback on project work*** – After every project, the client receives a survey link by e-mail along with a request to complete the survey from their perspective on the project. Questions asked concern the objectivity of the assigned Auditor, the quality of the report, and usefulness of recommendations. Overall, Program Evaluation and Audit clients were very satisfied. Nearly 100% of respondents indicated that their audit was objective and well-reported, and they would implement the recommendations. Some of the comments received included:
 - “In the end, I believe that through the process we will be able to implement improvements...”
 - “I was very pleased with Audit.”
 - I would ask the Audit unit for assistance at any time.”

Only one comment objected to an audit, and it concerned one project specifically. Follow-up on that project is in process.

- Finally, Program Evaluation and Audit is also included in the annual Regional Administration Customer Service Survey. This survey is sent to all managers and supervisors. Some of those who rate our services have not been directly involved in a project. Nevertheless, it provides insight about the general perceptions about Program Evaluation and Audit with managers and supervisors around the Council. These results for 2011 were also positive. More than 75% of respondents reported that they were satisfied with our services. The numbers this year, overall, trended upward from last year and the year before.
- The IIA *Standards* require an external quality assurance review of the internal audit activity once every five years. To remain consistent with both IIA and the U.S General Accounting Office (Governmental Standards), I have scheduled a review of Program Evaluation and Audit every three years since 2006. Our last review was initiated in 2009, completed and reported in 2010. As a result, we will not need to undertake another review until calendar year 2013.

In a year with the Director’s unplanned, extended absence, the results above reflect positively on the work done by the entire Program Evaluation and Audit staff, in partnership with our clients throughout the Council.