

Real Time and Prospective Auditing: Oregon convention center hotel

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Metro
Auditor

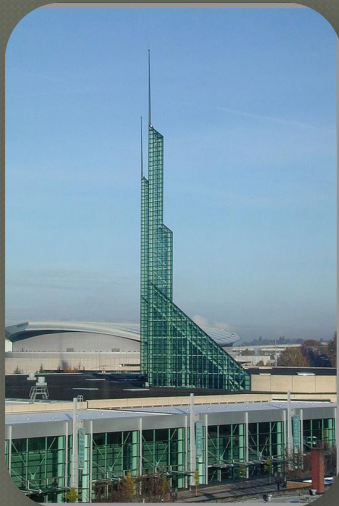
Brian Evans, Metro Auditor

What is Metro?

An elected regional government, that serves the three counties and the 25 cities the make up the Portland region.

Responsible for the region's:

- Land use, solid waste and transportation planning
- Regional parks and natural areas
- Convention center, Oregon Zoo, performing arts and exhibit centers



Researchable Questions (5/2015)

Is the project managed to ensure:

1. public benefits are achieved,
2. designs are within budget,
3. construction is being managed to the budget,
4. additional public expenditures are not required,
and
5. repayment of bonds is sustainable?

Risks and rewards

	Audit Risks	Audit Rewards
Prospective	<ul style="list-style-type: none">• Completing audit work on time• Providing enough time for management to address recommendations	<ul style="list-style-type: none">• Avoid getting bogged down in time consuming aspects of the topic• Assessing basics of project management could have multiple benefits
Real time	<ul style="list-style-type: none">• Lack of in-house expertise in construction monitoring• May duplicate management efforts• Reduces ability to address other audit topics	<ul style="list-style-type: none">• Keep management's attention on the most important issues• Verify the accuracy of project updates provided to public and agency leadership
Retrospective	<ul style="list-style-type: none">• Outcomes already determined• Recommendation may not be applicable to future projects	<ul style="list-style-type: none">• Determine what could have been done better• Identify causes that may need to be managed in future projects



Balancing audit rigor against constraints

- ◉ 20+ year history of proposed hotel projects
- ◉ Complicated funding structure
- ◉ Legal challenges
- ◉ Changing market dynamics
- ◉ Uncertain construction timing

Assumptions

- Project delays could impact management's priorities
- As the project moves to the construction phase the management structure may need to change
- Public understanding about the promised benefits may be less clear after years of stops and starts

Audit start (10/2016)

- Use the scoping phase to assess the project's achievement of the public benefits promised when it was originally approved
- Explore each of the public benefits enough to understand the resources needed to reach a conclusion
- Plan the audit with a fixed end date

Conclusions after scoping (1/2017)

Project Risk

		Low	Medium	High
Audit Risk	Low	<ul style="list-style-type: none">• Union labor• Prevailing wages	<ul style="list-style-type: none">• Metro's project management structure	<ul style="list-style-type: none">• MWESB contracting• FOTA hiring
	Medium		<ul style="list-style-type: none">• Room block agreement	<ul style="list-style-type: none">• LEED certification
	High		<ul style="list-style-type: none">• Revitalization of the surrounding area	<ul style="list-style-type: none">• Bond sale

Outcomes (4/2017)

**If you don't know
where you're going,
any road
will get you there.**

Lewis Carroll



DrJulieConnor.com

Outcomes (4/2017)



I'd like to announce the members of my new committee to resolve the "too many cooks in the kitchen" issue...

Lessons learned

- Prospective and real time auditing increases audit risks AND project risks
- Having a strong internal champion is likely to be even more important than usual for these audits to have impact
- Take the time to think about which aspects of a project or topic can be addressed by prospective or real time auditing

Questions

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