

ROLE 1: AUDIT PERFORMANCE OR PM SYSTEMS

Practice 1b. Audit performance management systems: Audit or assess existing performance management systems or practices.

Metro Auditor (www.metro-region.org/auditor), **Portland, Oregon metro area regional government:** As part of its efforts to influence the Metro regional government to be more results-oriented, the Metro Auditor's Office will examine, during a performance audit, the extent to which an organization exhibits elements of performance management, and examine the adequacy of those elements. Since 2000, the Metro Auditor's Office has conducted two audits that specifically examined an organization's goals and objectives, performance measures, and how the performance measures were used, and made recommendations for improvements in performance measures and their use. The first such audit was of a large Metro organization, the Oregon Zoo. The second audit, described further below, was of a small Metro program, Transportation-Oriented Development (TOD). The Metro Auditor's Office used the Governmental Accounting Standards Board's (GASB's) Service Efforts and Accomplishments (SEA) terminology in the text and title of these audit reports. The Auditor's Office also considered whether measures met the GASB's six key characteristics for SEA measures (relevance, understandability, comparability, timeliness, consistency, reliability). In years when they conduct performance management assessments, Metro Auditor staff spend about 1,200 hours on this practice.

TOD is designed as a high-leverage program, in that its relatively small government budget is supposed to stimulate much greater funding in desired kinds of private development to achieve important land-use, development, and transportation goals of the Metro government. So it has a "performance risk" or level of importance in achieving Metro's core mission well beyond the size of its budget. The TOD audit, reported on in March 2001, is an example of the usefulness of auditing the performance management of a relatively new program still in the process of developing its performance management approach. In conducting this audit, Metro Auditor staff identified program customers, mission, long-term goals, and short-term objectives as ground work for establishing key SEA measures. They also evaluated current performance measures of Metro, the Federal Transit Administration, and other stakeholders to determine their basic reasonableness and applicability as the program evolves. Based on this background, audit staff worked with TOD program managers to develop SEA measures for the program, limiting these to an essential few that would provide information for accountability, policymaking, and program management. In addition, audit staff discussed related issues with TOD Program partners from the public and private sectors and TOD managers from other locations. Toward the end of fieldwork, audit staff discussed study results with TOD Program managers and made recommendations for enhanced SEA measures that will reflect program accomplishments.

In the audit report, the Metro Auditor's Office recognized that TOD managers had developed innovative ways to measure some aspects of effectiveness. The report also credited TOD managers with enhancing a measure based on auditor suggestions and gaining approval of the enhancement by the Steering Committee that oversees the TOD. The enhancement involved quantifying and measuring project benefits relating to changes in walking and biking (in addition to increasing transit use). The Metro Auditor's Office concluded that it will be important for the

TOD to further develop performance measures, data sources, and data collection as the program matures. For example, as new projects are started it will be essential to continue TOD's practice of collecting baseline data. As projects are completed, it will be important to have good ways to collect actual data on benefits to compare with estimated benefits and baselines. One of the Metro Auditor's recommendations was that the TOD performance measurement process should be simplified going forward, "by selecting a limited set of the best, most useful performance measures—the vital few—that address the program's highest priorities." The report included a list of five "Proposed Vital SEA Effectiveness Measures," including, for example, "increased modal share of transit and non-auto trips as a direct result of TOD project," and "constructed targeted number of higher-density housing units and targeted number of mixed use buildings." In his response to the audit report, the Executive Officer of the Metro government accepted these measures as a list of vital measures to propose to the TOD Steering Committee.

These reports are available at the Metro Auditor's web site (www.metro-region.org/auditor):

- *Oregon Zoo Service Efforts and Accomplishments*, August 2000
- *Transit-Oriented Development Program: Improving Accountability Through Enhanced Measures of Service Efforts and Accomplishments*, March 2001