

KING COUNTY AUDITOR'S OFFICE HIGHLIGHTS OF 2011 ACCOMPLISHMENTS



King County

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ADVANCING CONTINUOUS IMPROVEMENT IN COUNTY GOVERNMENT

In 2011, the Auditor's Office continued to be a leader in promoting improvements in performance, accountability, and transparency in King County government. Two audits in particular contributed to meeting our mission by providing timely and useful information to the County Council.

As noted in the box below, the Performance Audit of Solid Waste Transfer Station Capital Projects suggested modifications to the Solid Waste Division's (SWD) rate model for improved accuracy. Further, the audit recommended that SWD update its facility plans for future planned transfer stations and its estimates of capacity, demand, costs, and other design features. SWD reports that it has reduced the estimated capacity of its next facility by at least 25% and construction costs by \$7.9 to \$9.7 million.

The Performance Audit of the Sheriff's Office looked at staffing, workload, and compensation. While staffing reductions for the Patrol Division were relatively proportional to the reduction in calls for service, scheduled patrol staffing posts did not decrease as much, resulting in an increase in the use of overtime to cover those posts.

Compared to six other large sheriff departments in Washington state, the Sheriff's Office has relatively high staffing, compensation, and costs. Furthermore, staffing cost growth has accelerated since the adoption of the

2008-2012 collective bargaining agreement, which resulted in an estimated additional cost in 2010 of almost \$12 million.

The Capital Projects Oversight (CPO) Program continued to track the progress of the \$1.8 billion Brightwater treatment project and the \$87 million Accountable Business Transformation program. It also conducted ongoing oversight of the county's move to the Sabey Data Center, the completion of the Ninth and Jefferson Building at Harborview Hospital, and the planning phase for a South Regional Roads Maintenance Facility. CPO also issued reports on Capital Project Prioritization and Project Management by the Facilities Management Division.

The Auditor's Office continued to convene the Countywide Performance Management Work Group and advise on the development and implementation of the county's performance management and accountability system. It also oversaw the Countywide Community Forums programs, whose neighborhood meetings of county residents engaged 2,500 participants in 2011, a record high, in discussing and providing feedback on policy issues.

An indicator of success in meeting the Auditor's Office mission is implementation of our recommendations. The scorecard on page four illustrates our positive track record.

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PERFORMANCE AUDIT OF SOLID WASTE TRANSFER STATION CAPITAL PROJECTS

The audit found that, on the whole, the SWD's financial plan is comprehensive, sound, and based on reasonable financial assumptions. One area not yet addressed in the plan relates to additional future rent payments to the county for SWD's use of the Cedar Hills Regional Landfill (Cedar Hills). SWD will be able to update the plan once a new appraisal is completed. Including future rents in the plan will affect the rates, but not necessarily the 2012 rate. In addition, this report provides options for cost savings and revenue enhancement. To address these issues, we made three recommendations related to using appropriate economic assumptions, life-cycle cost analysis, and long-term investment strategies.

The audit also determined that the transfer system plan was developed through an iterative and collaborative process; and regional decisions on service levels and similar decisions made through that planning process have, in some cases, increased costs. These decisions contributed to King County's transfer stations having higher capital costs per ton, in general, than those of other jurisdictions we surveyed. We recommended that SWD update the transfer system and individual facility plans. SWD reports that its reassessment and value engineering analysis of the Factoria Station has identified savings in the range of \$7.9 to \$9.7 million in construction costs. The remaining transfer stations will undergo a similar review.

KING COUNTY SHERIFF'S OFFICE PERFORMANCE AUDIT

The audit reviewed the operations of the Sheriff's Office identifying opportunities for efficiencies and cost savings. Over the past several years, the number of calls for service to the King County Sheriff has declined by 25%. This reduction in workload is largely attributable to annexations and incorporations, since the Sheriff's Office provides local police services in unincorporated areas only. During the same period, the number of patrol deputies has been reduced by 28%, both in response to annexations and incorporations and due to countywide budget cuts. The audit found that despite the 28% reduction in patrol officer staffing, the number of scheduled patrol posts has only been reduced by 12%. Because the reduction in patrol staffing has been much greater than the reduction of scheduled patrol posts, the amount of overtime needed to cover patrol posts has increased significantly.

Also, because the reduction in workload was greater than the reduction in scheduled patrol posts, response times to calls for service have decreased, and more time is available for proactive policing activities. However, the Sheriff's Office does not set goals for, or measure the effectiveness of, proactive policing activities.

The audit also found that staffing and compensation levels, and overall costs are relatively high in King County compared to other large sheriff departments in Washington state. Staffing cost growth in the King County Sheriff's Office accelerated following the adoption of the 2008-2012 collective bargaining agreement which included several costly provisions in addition to 5% annual salary increases.

The King County Sheriff's Office provides some police services (e.g., SWAT, Marine Patrol) on a countywide basis. The Sheriff's Office charges cities for some services provided within cities, and others are provided free-of-charge. We found that the criteria for determining whether services are provided for a fee or free-of-charge are informal and, in some cases, inadequate.

AUDIT OF EMERGENCY MEDICAL SERVICES LEVY

The audit found the EMS Division managed its financial activities in accordance with the 2010 EMS Levy financial plan. Actual revenues exceeded the adopted budget by \$2.2 million and expenditures were less than the budget by \$1.9 million resulting in a \$4.1 million positive operating variance. The ending fund balance was above the 69% threshold set in Ordinance 15861 adopting the voter-approved levy.

The dispatch fee schedules established by independent agencies were based on an acceptable methodology and reflected the dispatch agencies' respective operating costs. However, the revised fee schedule for one dispatch agency resulted in significant dispatch cost increases for the duration of the current levy cycle.

The audit also identified opportunities to improve the precision of the current and future dispatch fee schedule by establishing and monitoring dispatch productivity standards for EMS dispatch services. Such standards will ensure that call taking and dispatching processing times are available and can be used to allocate costs equitably among EMS/Fire/Police user agencies in developing future fee schedules.

TRANSIT SERVICE GUIDELINES AUDIT FOLLOW-UP

The 2009 Performance Audit of Transit found that Transit did not have adequate guidance in place to assist in making service development decisions. The audit recommended that Transit develop service guidelines that would be formally adopted by the King County Council and then serve as a policy guide for both Transit and stakeholders. The follow-up review in 2011 found that Transit has been diligent in the process to implement the recommendation, and that it had met the criteria established for having guidelines that are current, concise, transparent, and action-oriented.

CAPITAL PROJECTS OVERSIGHT PROGRAM

In 2011, the Capital Projects Oversight Program (CPO) continued or completed oversight on selected major capital projects. CPO provided consultation during the county's high-risk determination process for capital projects estimated to cost \$10 million or more. We also advised council policy staff on capital project legislation, monitored the executive branch's response to adopted ordinances on capital policies and procedures, and completed a special study on capital project prioritization.

The Auditor's Office conducted a review of the CPO Program during the year, which resulted in a strategic plan goal to increase the usefulness of CPO's work by providing timely and relevant analysis and information to policy- and decision-makers. Ongoing oversight on the following major capital projects is resulting in improved outcomes.

ACCOUNTABLE BUSINESS TRANSFORMATION (ABT)

Oversight continues on this \$87 million program to replace the county's enterprise information systems and streamline finance, payroll, and budget business processes. CPO 2011 oversight assessed the effectiveness of ABT's strategies to mitigate risks to implementing the new finance and payroll/time and labor systems scheduled to go live on January 3, 2012. Oversight by CPO recommended greater communication with county agencies on finance system problems anticipated at go live to enable agencies to plan for business impacts; clarification of ABT's role in fixing system defects during its 90-day stabilization period after go live; and communicating with the ABT Management Team to prepare them for potential use of the ABT contingency budget. CPO also continued to emphasize the need for greater attention to recruiting and retaining staff in order to meet implementation schedules.

BRIGHTWATER WASTEWATER TREATMENT PROGRAM

CPO continues oversight on this \$1.8-billion new wastewater treatment plant and conveyance system. In 2011, CPO oversight provided council with assessment of the adequacy of remaining contingency funds and documentation of project costs, including those that are disputed because of delays in conveyance tunnel mining. CPO also highlighted the remaining cost and schedule risks as construction activity nears completion.

SOUTH REGIONAL ROADS MAINTENANCE FACILITY

CPO continues to monitor this \$40 million+ project to consolidate two county road maintenance facilities. Due to uncertain revenues, the executive branch is limiting its current work to completing the preliminary design phase and is exploring using a public-private partnership. CPO recommended that the executive branch verify the project is consistent with the updated Facilities Master Plan expected in 2012 for the Road Services Division before proceeding with any work beyond the preliminary design phase.

CPO completed work on the following projects during the year, resulting in lessons learned and recommendations for the county's capital improvement program:

DATA CENTER RELOCATION

CPO completed a final oversight report which highlighted the successful relocation of the county's main data center facility, a \$20-million project. The report included lessons learned on how to improve project management and recommendations on reporting staff labor charges on capital projects and authorizing real estate lease acquisitions and amendments. The County Executive pursued additional data server relocations to the new facility to fully use the new facility capacity, an issue initially highlighted by CPO.

FACILITIES MANAGEMENT DIVISION (FMD) PROJECT DELIVERY MANAGEMENT

CPO conducted a special study of FMD's management of major maintenance, building repair and replacement, and parks projects—programs totaling about \$88 million in appropriations. The report's recommendations cited the need to improve initial and baseline project estimates, standardize project-numbering practices, develop meaningful performance measurements to inform management decisions, and improve accuracy for appropriation requests.

CAPITAL PROJECT PRIORITIZATION CRITERIA

CPO completed a special study providing a road map for developing a countywide capital project prioritization process but recommended against implementing this approach until a cost-benefit analysis is completed.

COMMUNITY FORUMS CITIZEN ENGAGEMENT PROGRAM

The Countywide Community Forums (CCF), an independently run and funded public participation program overseen by the Auditor's Office, held three rounds of forums in 2011. In the spring, 488 residents learned about, discussed, and provided feedback on the King County Strategic Plan's "fair and just" principle. An additional round in June asked residents of unincorporated King County about their views on a proposed new framework for public engagement in the county. In the fall, residents were, for the third year, asked for their values, priorities, and ideas on the county budget.

For every round of forums, the independent coordinators have increased their outreach to different communities. Over 1,400 residents, a record for the program, participated in the budget round. They included county residents who do not often engage in the public process, such as homeless or formerly homeless men and women, low income residents, and people with disabilities.

Participation in CCF programs has continued to grow. Total attendance in 2009 was 863 participants; 1,072 in 2010 and 2,569 in 2011.

COUNTYWIDE PERFORMANCE MANAGEMENT WORK GROUP

The Performance Management Work Group (PMWG), a collaborative forum lead by the King County Auditor, advises on and promotes a countywide performance management and accountability system.

Following the adoption of the first countywide strategic plan by the King County Council in July 2010, the PMWG's focus shifted from planning and development to working closely with the Office of Performance, Strategy and Budget in support of the One King County approach to the implementation of the strategic plan.

During the course of the year, different offices presented their own strategic planning accomplishments, and new developments in the field of performance management were discussed.

The PMWG provides a mechanism for discussing the evolving performance management framework by all parties and strives to enhance communication, strategic plan alignment, and effective implementation.

SELECT NEW PROJECTS FOR 2012

EMERGENCY MEDICAL SERVICES LEVY AUDIT

Review the EMS Division 2011 revenues and expenditures to ensure compliance with the EMS Levy financial plan and confirm efforts to implement the recommendations from 2011's financial review.

PERFORMANCE AUDIT OF SEWER OVERFLOWS

Examine adequacy of policies, capital plans, financial plans, rate models, and cost estimates to build major combined sewer overflow projects in the county.

PERFORMANCE AUDIT OF IT PROJECT MANAGEMENT

Evaluate King County's management of technology projects and initiatives to identify opportunities for improved efficiency and effectiveness, and cost-effectiveness.

PERFORMANCE AUDIT OF RISK MANAGEMENT OFFICE

Review the activities and practices of the King County Office of Risk Management to assess the effectiveness of the county's risk management in loss prevention and reduction and protecting the assets of King County.

CAPITAL PROJECTS OVERSIGHT PROGRAM

Assess the reliability of capital project data in the county's new finance and budget systems. Leverage information from the executive branch's new Project Information Center and quarterly dashboard reports to evaluate capital program performance and trends and to identify projects to consider for increased legislative scrutiny.

KCAO PERFORMANCE MEASURES SCORECARD

2011 Work Program (15-month timeframe)			
Number of audits completed			14
Number of audits carried over to following year			2
Number of Capital Projects Oversight (CPO) activities completed and final reports published			4
Number of CPO status reports on three ongoing project oversight activities			9
Audit Fiscal Impacts			
3-Year Total	One-time Fiscal Impact	Ongoing Fiscal Impact	Potential Fiscal Impact
2007-2009	\$ 105,008,475	\$ 2,036,000	\$ 91,000,000
2008-2010	\$ 105,459,475	\$ 1,805,000	\$ 111,000,000
2009-2011	\$ 116,464,475	\$ 2,522,000	\$ 118,856,000
Audit Recommendation Summary			
3-Year Total	% Implemented	% Pending	% Not Implemented
2007-2009	81%	2%	17%
2008-2010	75%	7%	18%
2009-2011	61%	21%	18%
Capital Projects Oversight Program Recommendation Summary			
3-Year Total	% Implemented	% Pending	% Not Implemented
2008-2010	79%	16%	5%
2009-2011	49%	44%	8%

IDEAS WELCOMED

Please contact our office if you have any questions or suggestions. Find us on the Web for more information on our audits and other oversight work.

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Alternative Formats Available Upon Request