



Highlights of 2014 Performance

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Driving Improvement in County Government

2014 was the first full year of my tenure as King County Auditor. We were proud to be able to provide timely and relevant insights that decision-makers relied upon to drive strategic actions. This report highlights the key impacts of the King County Auditor's Office (KCAO) in 2014:

Improved County Programs

Implementation of our recommendations has resulted in positive changes for county agencies and taxpayers. Three examples include:

1. Solid Waste Division (SWD) implemented our recommendation to base transfer system planning on system capacity and incremental cost impacts of stations. SWD determined that due to significant decreases in tonnage, there is capacity within the system without a new Northeast Transfer Station, saving more than \$100 million.
2. Transit has implemented our recommendation to make decisions about which buses to buy based on the full cost of each bus over its lifetime.
3. The Sheriff's Office increased revenue by implementing our recommendation to recover the cost of using county vehicles for off-duty work by its officers.

Identified Millions in Savings

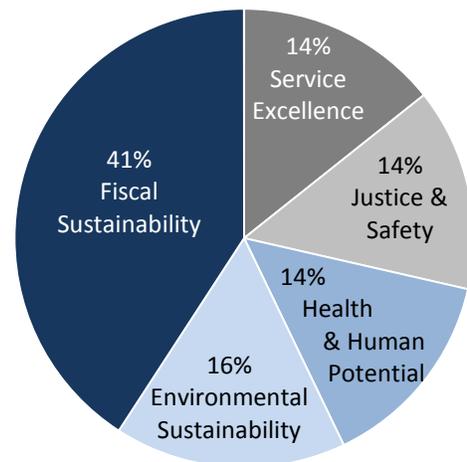
KCAO has contributed to saving millions of dollars for county residents. Over the past three years, we identified \$103 million in one-time impacts, \$16.4 million in annual ongoing savings, and a further \$180 million in potential savings that we will reassess as recommendations are implemented.

Enhanced Oversight, Compliance, and Transparency in Capital Projects

The Capital Projects Oversight program continues to assist the County Council in monitoring select capital projects and increasing the transparency of the county's capital program performance.

Helped Further County Strategic Goals

Our 2014 products contributed to King County Strategic Plan goals, focusing on fiscal sustainability, but had significant impact on other goals.



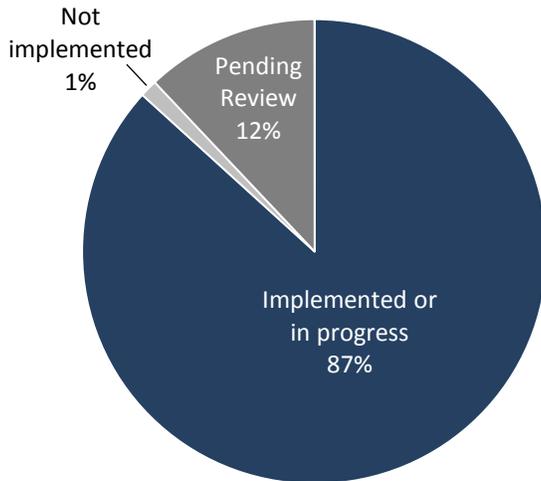
Recognized by Peers

The most recent peer review of the KCAO found full compliance with government auditing standards. The next review will occur in 2017.

We appreciate the County Council's unwavering support of an independent audit organization as envisioned in the King County Charter and the King County Code. Within that framework and reinforced by the exemplary KCAO team, I am confident that we will continue to drive performance and accountability in King County.

RECOMMENDATION IMPLEMENTATION RATE

County agencies took action on 87% of our performance audit recommendations over the past three years. Agency action has increased over the past two years; only 1% of our recommendations were not acted upon during 2012-2014, an improvement from the 3%-4% in previous years.



2014 PROJECTS

PERFORMANCE AUDITS

- Part-time Employment
- Green Building Ordinance
- Energy Options at Harborview Medical Center
- Georgetown Combined Sewer Overflow
- Emergency Radio Network
- Facilities Major Maintenance Reserve Fund
- Strategic Climate Action Plan

CAPITAL PROJECTS OVERSIGHT

- Road Services Division Pavement Preservation
- Brightwater

FOLLOW-UP ON COMPLETED PROJECTS

- King County Metro Transit Bus Procurement
- Combined Sewer Overflow
- Solid Waste Transfer Station Capital Projects
- Environmental Health Services
- Office of Risk Management
- Take-Home Vehicles in the Sheriff's Office
- Law Enforcement Oversight Data Reporting
- Investment in Information Technology
- Sheriff's Office

HIGHLIGHTS OF SELECTED 2014 PROJECTS

Georgetown Combined Sewer Overflow Project

This performance audit brought public attention to the cost growth issue of the county's combined sewer overflow (CSO) program through an independent assessment of the Georgetown project, one of the CSO program's nine projects. The audit found that the entire CSO program originally priced at \$711 million could cost ratepayers as much as \$2.6 billion, quadrupling projected rate increases from \$7 to \$28 a month, unless new mechanisms to control project costs are put in place. In response to the audit findings, the director of the Department of Natural Resources and Parks (DNRP) put the Georgetown project on hold for three months and directed the Wastewater Treatment Division (WTD) to re-examine its alternatives analysis and develop a plan for cost control. The County Executive concurred with all audit recommendations and committed to improving planning level cost estimation, performance appraisal for project managers, management oversight, and alternative analysis for all CSO projects. In addition, WTD committed to ensuring the Georgetown project cost will not exceed \$360 million. If implemented successfully, the audit recommendations strengthen WTD's accountability to decision-makers and reduce the likelihood that ratepayers will see higher than expected rate increases.

Strategic Climate Action Plan

This performance audit offered an independent assessment of the county's 2012 Strategic Climate Action Plan (SCAP) prior to its scheduled update in 2015. In response to the audit, the County Executive announced a plan to dedicate \$50,000 to support more rigorous economic analysis of greenhouse gas (GHG) reduction strategies and to conduct broader stakeholder engagement during the SCAP update. The County Executive fully concurred with all of the audit recommendations and committed to a) developing a more robust logic model for achieving the county's climate goals, b) including a progress report on GHG reduction in each climate goal area in the annual report to County Council, and c) prioritizing climate actions based on their relative costs per unit of GHG reduction. The County Council made implementing the audit's recommendations a condition of expending \$200,000 in the adopted budget for Department of Natural Resources and Parks in 2015-2016. If implemented successfully, the audit recommendations increase the likelihood that the county will achieve its ambitious climate goals in a fiscally responsible and accountable manner.