

KING COUNTY AUDITOR'S OFFICE

HIGHLIGHTS OF

2010 ACCOMPLISHMENTS

April 2011



King County
Cheryle A. Broom
King County Auditor

ACHIEVED PERFORMANCE, EFFICIENCY, AND ACCOUNTABILITY IMPACTS

In 2010, we succeeded in our mission to help county government save money, improve its performance, and promote transparency and accountability.

We achieved this through projects such as the 2010 Jail Planning and Operations performance audit that identified recommendations with fiscal impacts of over \$10 million. Our Transit Bus Procurement audit provided recommendations to strengthen the cost-effectiveness of purchases, which in the next several years are expected to cost between \$100 million to \$200 million.

Implementation of the EMS Levy audit recommendations will improve the performance of EMS services and ensure ambulance purchases are based on life cycle cost analysis.

Follow-up on the 2009 Metro Transit Capital and Operations audit illustrates how our work provides accountability for improvements. We are pleased to recognize that the Transit Division has made progress implementing the audit's numerous recommendations.

Through our Capital Projects Oversight (CPO) program we collaborated on a process to assess potential project risks so they can be proactively mitigated. CPO also continued to monitor two large, complex capital projects, Accountable Business Transformation (\$86 million) and Brightwater Treatment Program (\$1.8 billion). Reporting on lessons learned once projects are completed was also undertaken by CPO.

This has resulted in recommendations to enhance project management and outcomes of future capital projects.

Advancing performance-based county government continues to be a priority. Chaired and staffed by our office, the Countywide Performance Management Work Group, a mandated advisory body to the King County Council coordinated by an interbranch team of performance management professionals, assisted in the continued development and refinement of a countywide performance management framework that includes the county's first countywide strategic plan.

Finally, the Countywide Community Forums program promotes transparency of county services and decision-making. This volunteer-driven citizen engagement program, overseen by our office, held two forums in 2010 to discuss county issues and priorities. Over 1,000 county residents participated.

Although this is our annual performance report, our work contributes to long-term impacts that benefit the residents of King County. This is illustrated in the scorecard on implementation of recommendations on the last page of this report.

We appreciate the support of the King County Council and the cooperation and collaboration of other county stakeholders to meet our high expectations.

Cheryle A. Broom

JAIL AUDIT IDENTIFIES COST SAVINGS OPPORTUNITIES

Our 2010 performance audit of Jail Planning and Operations found that King County's jail costs were continuing to rise while the inmate population had declined substantially. At the same time, the county was at risk of losing revenue if cities continued to reduce their use of the county's excess jail beds. For example, if the county lost between 150 and 250 contract beds, it could lose revenue in the range of \$9 million to \$15 million. The report identifies how this risk can be mitigated, and how the county can increase its revenues and lessen the burden on county taxpayers, if the goal of reducing jail costs can be achieved.

The report contains a wide range of options for achieving economies of scale and for lowering the jail's operating budget. Our analysis of these options shows a potential annual savings ranging from \$530,000 to \$1.7 million. The report also identifies an option for the county to take advantage of a decline in its inmate population by first closing the jail at the Maleng Regional Justice Center and then repurposing the jail as a regional facility. We estimated that this opportunity could reduce costs and enhance revenues, saving the general fund \$8.4 million or more annually.

A key recommendation of this report envisions collaboration of county policy-makers and leadership, and continued engagement with the cities of King County to provide affordable inmate housing in the county's jails. Overall, the audit suggests that a comprehensive strategic and financial plan for jails is needed to ensure the county is managing the jails in an operationally sound and financially sustainable manner. Such a plan should provide a range of alternatives to consider as well as estimates of their potential fiscal impacts. The King County Council adopted six provisos in the 2011 budget to address findings in this report.

AUDIT OF EMERGENCY MEDICAL SERVICES LEVY

The EMS Division managed the 2009 EMS Levy funds in accordance with council-adopted 2009 financial plan and policies, including the restricted reserve and contingency funds. Our review of EMS efficiency objectives found that the EMS Criteria Based Dispatch Guidelines strategic initiative resulted in significant savings—approximately \$4.9 million annual cost avoidance between 1998 and 2002. At the same time, however, we could not determine the extent to which the outcomes of many other strategic initiatives had achieved expected efficiencies and cost savings. Project plans with established project milestones and performance standards or targets are needed to verify whether actual outcomes or performance improvements were consistent with the expected annual or multi-year performance levels. We also found that Advanced Life Support (ALS) vehicles were used fewer years than six EMS peer agencies, and EMS had not determined optimum vehicle use through a life cycle cost analysis. ALS vehicles savings are also possible if medic modules were refurbished and reused on new chasses rather than completely replacing both the modules and chasses.

METRO TRANSIT BUS PROCUREMENT AUDIT

In our performance audit of transit procurement practices, we determined that Transit had been generally successful in purchasing similar buses at lower cost than other transit entities. However, Transit could strengthen its bus quality assurance efforts, and it cannot yet demonstrate that bus purchases have been timely. Implementing the report's five audit recommendations will facilitate reducing the cost, enhancing the quality, and improving the timeliness of Transit's bus purchases. By implementing these recommendations, Transit will be able to evaluate, improve, and demonstrate the effectiveness of bus procurement. In addition, implementation will ensure that bus procurement decisions are guided by county and Transit priorities and increase the likelihood that buses will meet customer, operator, maintenance, service, and regional needs.

METRO TRANSIT AUDIT FOLLOW-UP

Overall, Transit has made significant progress toward addressing the recommendations of the 2009 performance audit and capturing the audit's estimated savings. Of the audit recommendations, 21 have been fully implemented, six are in progress, 14 remain unresolved, and 10 are not yet scheduled to be completed. Transit has exceeded its targets and implemented many of bus service efficiency recommendations ahead of schedule, saving \$7.2 million.

Transit has also implemented two key recommendations related to operator staffing that, in concert with economic conditions that balance part-time and full-time staff, have resulted in staffing efficiencies and savings. In addition, Transit expanded the Paratransit Community Access Transportation (CAT) program more quickly than

originally anticipated, resulting in \$3.6 million in savings in 2010.

CAPITAL PROJECTS OVERSIGHT PROGRAM

In 2010, the Capital Projects Oversight (CPO) program continued oversight in a number of areas. We developed a scoring instrument intended to objectively assess the relative potential for risks on major capital projects across the county's diverse programs. The instrument was used to score all projects estimated to cost \$10 million or more to meet new county legislation mandates by July 31, 2010. The instrument has resulted in inquiries from other governments and one private company who were interested in developing similar risk assessment tools.

CPO also developed criteria and a selection process to identify new oversight and audit projects for the auditor's office 2011 work program related to the county's capital projects and programs. This process led to a 2011 performance audit now underway reviewing the county's \$337-million program to build four county solid waste transfer stations.

Ongoing oversight on the following major capital projects is resulting in improved outcomes:

Accountable Business Transformation (ABT): Efforts to effectively mitigate the risks on this \$86-million program to replace the county's enterprise information systems have been mixed. In early 2010, the human resource system was completed nearly on time and under budget and the budget system module remains on schedule. Finance and payroll system implementation, however, was delayed a year. Our oversight recommended greater attention to staffing needs, agency readiness, and consultant contracts to meet the new schedule for implementing the next two systems in January 2012.

Brightwater Wastewater Treatment Program: Oversight continues on this \$1.8-billion program. In 2010, we recommended planning for the uncertainty of conveyance system schedule when negotiating change orders for delayed treatment plant commissioning, and pursuing opportunities to reduce project construction and administrative costs. Other recommendations resulted in timelier and focused construction status reports to council and enhanced oversight of this large and complex project by the County Executive.

Ninth and Jefferson Building at Harborview: We completed a final oversight report highlighting the successful results from the public/private partnership effort which constructed a medical building that improved service and expanded research capacity at the Harborview campus. The report also included lessons learned and recommendations for how to improve future public/private partnership and other capital projects.

CUSTODIAL SERVICES PERFORMANCE AUDIT

The Custodial Services audit reviewed numerous aspects of custodial services workload, staffing, costs, and customer satisfaction and found that improvements

were needed in several areas. For example, a formal assessment of custodial workload and staff productivity is needed to improve management's ability to develop a service level that matches staffing resources with workloads in different buildings. It would also provide tenants and custodians with objective information about service level and workload decisions. Additionally, Custodial Services tenants need more proactive communication from managers and regular information about factors that impact service delivery. Finally, Custodial Services' current process for assessing staff performance does not provide management with an objective tool for evaluating individual custodians. While the audit recommends improvements to Custodial Services operations, it also identifies areas where Custodial Services has recently made changes to improve custodial performance and accountability.

ASSESSMENT OF THE WASTEWATER TREATMENT DIVISION'S PRODUCTIVITY INITIATIVE

Overall, the assessment found that WTD's Productivity Initiative achieved efficiencies and cost savings but as the ten-year effort progressed, it was less successful in sustaining performance on goals related to quality, customer service, and employee management. Much of the cost savings were salary related, which raised questions about what should be considered and counted as savings and whether the program should differentiate between cost containment versus productivity savings. As required by Ordinance 14914, FCS Group performed this independent review of the operational component of the initiative under the direction of the auditor's office with input from WTD. FCS Group's assessment of the productivity initiative agreed with WTD's internal assessment in a number of areas but differed over whether WTD met selected measures related to permit compliance, customer focus, and employee management. Overall, employee incentive funds were used appropriately.

COMMUNITY FORUMS CITIZEN ENGAGEMENT PROGRAM

The Countywide Community Forums (CCF) held two forums in 2010 where county residents expressed opinions about key issues related to customer service and priorities for county services during the economic downturn. Now in its third year, CCF is an independently run and funded public participation program overseen by the auditor's office. With a newly redesigned, more accessible website, CCF has continued to broaden its reach with an emphasis on engaging younger residents and disadvantaged populations. A dual goal is to inform them about the county's role and services and collect feedback on policy issues.

The first forum in May-June 2010, "Improving Customer Service and Public Engagement in King County," hosted over 300 respondents who met in small groups throughout the county. The group watched a videotaped discussion by County Executive Constantine, Council Chair Ferguson, and Rita Brogan, CEO of the public affairs firm, PRR, on what constitutes good service,

appropriate access, and program accountability. Participants were asked to provide feedback on county programs and their effectiveness.

The second forum in September-October 2010, "Citizen Priorities for Government During Challenging Economic Times," asked county residents to help prioritize county services. It also registered their concerns and opinions about how best to deal with the budget shortfall and long-term structural budget gap issues after participants viewed a video about options for addressing the 2011 budget situation. Seven hundred sixty-six people responded, setting a new participation record for CCF.

COUNTYWIDE PERFORMANCE MANAGEMENT WORK GROUP

2010 was a significant year for performance management in King County, culminating with the approval of the first King County Strategic Plan by the King County Council on July 19, 2010. To meet its codified responsibilities to advise on and promote a countywide strategic planning effort, the Performance Management Work Group (PMWG) reviewed and commented on the successive drafts of the plan as well as the proposed structure for the county's performance management and accountability system.

The PMWG carried out its advisory function in three ways: through a series of briefings to the King County Council; through issue-specific meetings with and reports to the Executive Branch; and by providing a forum for council and executive staff to hear discussions and recommendations from other agencies and departments as part of their participation in the workgroup meetings. In addition, PMWG offered opportunities for its participants to hear how different jurisdictions dealt with cross-branch performance accountability and collaboration. The Work Group initiated the mandated review of the Performance and Accountability Act to clarify, if needed, its framework, schedule, definitions, and requirements. Based on a survey of users, the PMWG also issued recommendations to strengthen the business plans as a tool for linking performance management to the annual budget process.

AUDITOR'S OFFICE PASSES 3RD PEER REVIEW

A peer review team of audit experts recently conducted the office's third peer review. The team determined that, during calendar years 2008-2010, our office complied with applicable *Government Auditing Standards*. Moreover, the peer review team was impressed with the high quality, relevance, and impact of our work and the positive feedback they received from the office's stakeholders. We appreciate and plan to address the suggestions they made to further strengthen our internal quality control system.

HIGHLIGHTS OF 2011 WORK PROGRAM MANDATES

Our office's three-year strategic plan and 2011 work program position us to further contribute to county government's performance, efficiency, and accountability during the year ahead. Please visit our website www.kingcounty.gov/auditor.

PERFORMANCE AUDIT OF THE KING COUNTY SHERIFF'S OFFICE

SHERIFF'S OFFICE - Review the Sheriff's Office regional and local law enforcement services, workload, and staffing in comparison to the state mandated levels of regional and local law enforcement services and any applicable benchmarks.

CAPITAL PLANNING PERFORMANCE AUDIT OF SOLID WASTE TRANSFER STATIONS

- Examine financial plans, rate models, and cost estimates to build several transfer stations in the county.

COUNTYWIDE COMMUNITY FORUMS - Continue oversight of this mandated citizen engagement program that provides a network of community forums, through which citizens can participate in small group discussions to provide input to county officials on a variety of current issues. Two to three forums will be held in 2011.

PERFORMANCE MANAGEMENT WORK GROUP - Continue to facilitate the Countywide Performance Management Work Group. In 2011, the advisory Work Group's focus will include efforts to implement the first countywide strategic plan and the development of performance measures and agency strategic plans.

EMERGENCY MEDICAL SERVICES LEVY

- Evaluate potential opportunities to improve the cost-effectiveness of the EMS Division's ALS program operations, and generate cost savings or avoid costs over the remaining years of the 2008-2013 EMS levy.

CAPITAL PROJECTS OVERSIGHT

- Continue capital projects oversight program by working with the legislative and executive branches to improve policies and project management practices and countywide systems for capital project delivery. This may include better cost estimating, schedule development, and risk assessment.

TRACKING LONGER TERM IMPACTS

- Our mission is to promote and improve performance, accountability, and transparency in county government. An indicator of success is the extent of implementation of our recommendations. As the scorecard below indicates, we have an excellent track record, one we strategically strive to better. Future reporting will incorporate the office's contributions to the county's first strategic plan, which was adopted by the county council in 2010, as well as the result of follow-up on implementation of recommendations we made in 2010.

2007-2009 Accomplishments	Results
22 Audit Reports	150 recommendations
Recommendations Concurred With	99%
Recommendations Implemented	78%

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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