

KING COUNTY AUDITOR'S OFFICE HIGHLIGHTS OF 2008 ACCOMPLISHMENTS



King County

**Cheryle A. Broom
King County Auditor**

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ADVANCING PERFORMANCE, ACCOUNTABILITY & TRANSPARENCY

In 2008, the King County Auditor's Office achieved substantial progress in effectively integrating and implementing its expanded oversight and accountability mandates. Achieving accountability and transparency are evidenced in our reports on major capital projects oversight, countywide performance measurement legislation, and the countywide community forums citizen engagement program. Though our focus has broadened, identifying operational efficiencies, policy compliance and cost savings remains a high priority. We are pleased to provide these highlights of our 2008 accomplishments to you.

More than 20 capital project oversight reports and four formal presentations were developed in 2008 to keep the council apprised of the overall status of six major capital projects and to alert the council about changes in scope, potential cost overruns, and schedule delays.

In addition, the Countywide Performance Measurement Work Group efforts in 2008 led to County Council action on two ordinances fostering countywide performance management and public reporting. The first ordinance requires all agencies to develop five-year strategic

plans, annual business plans, and performance measures. The second creates an office within the County Executive's Office to coordinate the preparation of the first plan. The Work Group will continue to provide a forum for new ideas in performance management.

During 2008, we also successfully completed the first full round of community forums. **Transportation – Public Priorities, Choices and Funding** was selected as the topic for the first round of forums. Citizens organized 114 community forums throughout King County in homes, workplaces, and libraries that were attended by 549 citizens.

Finally, we are pleased to report that the office completed four audits and two special studies and initiated three council-mandated, complex audits in 2008. We also continued to meet our strategic goals through effective collaboration with executive agencies and the commitment of the King County Council. We sincerely appreciate the support and look forward to an equally constructive 2009.

Cheryle A. Broom

Mission Statement
We promote public trust in King County government through audits and other services that improve performance, accountability and transparency.

CAPITAL PROJECTS OVERSIGHT PROGRAM

Implementation of the council-mandated Capital Project Oversight (CPO) Program advanced in 2008 with the hiring of the CPO manager and analyst. The CPO team and assigned audit staff provided independent legislative oversight on six major capital projects with expert assistance from inter-branch work groups and outside consultants. New systems for tracking the performance of capital projects were developed to provide timely council notification of overall project status and to alert the council to changes in scope, potential cost overruns, and schedule delays. Reports also included specific recommendations to facilitate successful delivery of six major projects. Examples of 2008 project oversight results and recommendations include:

- **Brightwater Wastewater Treatment Project:** Offered a series of recommendations to improve Wastewater Treatment Division's cost estimating in preparation for the 2009 Trend Report project cost update; to more effectively plan for and manage emerging risks on the project; and to minimize the impacts of schedule delays.
- **Data Center:** Through oversight effort, a major change in the project scope was brought to council's attention for this \$19 million relocation of the county's data center and construction of fiber optic lines to connect county offices. In addition, council required that a single agency (Facilities Management Division) be the lead on this project. This action was based on our earlier oversight recommendation and has contributed to efficient project management.
- **New County Administration Building:** A due diligence analysis of the replacement of the administration building included an independent review of the Facilities Management Division's cost/benefit analysis as well as an evaluation of alternatives to meet the operational needs of the jail and court systems. Our analysis informed the decision not to pursue replacing the administration building at this time.

PERFORMANCE AUDIT OF CODE ENFORCEMENT

We identified ways in which current code enforcement management, policies, procedures, and practices could better promote consistency, transparency, and accountability. The audit found inconsistencies in Code Enforcement's compliance with laws, regulations, and procedures; its prioritization, investigation, and tracking of cases; and its communications with property owners. The report offers several recommendations to improve Code Enforcement. Revised policies and procedures will help the section address inconsistencies in Code Enforcement Officers' approaches. Expanding the section's public educational materials will improve its written communications with property owners. Stronger records management practices and performance reporting will strengthen management controls, enabling the section to record and track data with more accuracy. Finally, the development of a strategic plan for Code Enforcement will provide the section with a mission, goals, and performance measures that articulate the section's priorities allowing the section to evaluate its success in meeting its objectives.

The executive concurred with all of the audit's recommendations and believed the audit identified opportunities to improve Code Enforcement's procedures in several areas. The department has already begun implementation of several recommendations and committed to periodically updating the auditor's office on their progress in 2009. After the department prepares its strategic plan this summer, the auditor's office will perform a formal follow-up review to ensure that the report's recommendations have been implemented.

ALTERNATIVE CAPITAL PROJECT DELIVERY METHODS

This study examined King County's use of alternatives to the traditional method of contracting with the private sector for constructing county capital projects. It used 20 case studies to examine the performance of these projects in achieving the scope, schedule, and budget that were identified when the project was first proposed to the council. The three county agencies responsible for those projects used various construction delivery methods.

The study found that the county consistently had good results using public-private partnerships to construct projects. The county's experience using other delivery methods, including the traditional "Design-Bid-Build" method has been mixed. Some projects of each type have performed well, while others have not. The study also concluded that having alternative methods for delivering capital projects provides the county with valuable flexibility to choose a method best suited to its construction needs. The report makes three recommendations that are intended to improve and monitor the county's performance in developing, implementing, and overseeing capital projects. The County Executive concurred with the recommendations.

HISTORIC PRESERVATION FUNDING

At the request of the King County Council, the County Auditor's Office initiated a compliance audit of the county's use of historic preservation funding authorized by the Washington State Legislature in House Bill 1386. The bill increased the mandatory document recording surcharge for the preservation of historic documents from two to five dollars per recorded document. The report concluded that House Bill 1386 was appropriately implemented, but identified opportunities for improved accountability and transparency in the use of the surcharge revenues. These included restricting the Historic Preservation Surcharge Account within the county's Current Expense Fund to facilitate tracking of revenues and expenditures, and establishing formal policies and procedures to guide the use of the surcharge revenues. The County Executive committed to implementing the three audit-recommended improvements.

ENVIRONMENTAL HEALTH SERVICES

The Environmental Health Services Division (EHS) provides numerous public health and inspection services through its permitting and monitoring programs. The EHS programs are intended to ensure that there is clean water, clean soil, adequate waste disposal, pest-free homes and businesses, hygienic restaurants, and wholesome food in King County. Most of these are based on an hourly rate which includes overhead charges and any additional costs specific to individual programs for which the fee is being charged. By state law and King County Board of Health policies, respectively, the fee may not exceed the cost of providing the services, but should be set to achieve full cost recovery.

The EHS audit found that the established overhead allocation methods were reasonable and equitable. In addition, the audit found that a program-by-program year-end analysis is needed to ensure that full cost recovery is being achieved. Finally, because of the size of the "designated" fund balance, written policies and/or plans should be developed that document management's intended future uses of the fund balance. The County Executive concurred with all four report recommendations.

FOLLOW-UP REVIEW OF 2005 AND 2006

BRIGHTWATER TREATMENT PROJECT AUDITS

This review focused on the Finance Division's and Wastewater Treatment Division's implementation of the 2005 and 2006 audit recommendations. We concluded that the recommendations were implemented with one exception and led to substantial improvement of countywide capital project policies and practices. The successful collaboration between the county and local engineering firms on capital projects was also noted during follow-up review.

PRIOR AUDIT REPORT RECOMMENDATIONS LEAD TO AGENCY COST SAVINGS

- The 2007 County Vehicle Replacement audit found that the assessor's office use of the "Runzheimer" program for reimbursing its employees for personal vehicle use for business was not cost effective and recommended that the assessor's office identify more cost-effective alternatives. As a result, the assessor's office budget was reduced by \$150,000 in the county's 2009 proposed budget, in part, by eliminating employees with low vehicle usage from the Runzheimer program.

The audit also found that many county motor pool vehicles were underutilized and recommended that Fleet Administration develop and enforce vehicle usage standards. The 2009 budget proposal also included a more modest increase in motor pool rates than would have been proposed without the new standards.
- The 2004/2005 Workers' Compensation Financial and Performance Audits recommended improvements in how workers' compensation claims are handled, and that the Safety and Claims Management Fund balance be increased to reflect the full liability of unpaid claims. Since the audit, workers' compensation claims costs have decreased and the fund balance has increased, which allowed for a decrease in the 2009 workers' compensation rates paid by county agencies.

OPEN PUBLIC RECORDS PRACTICES BRIEFING

King County Auditor's Office staff briefed the council on the Washington State Auditor's Office's report on *Open Public Records Practices at 30 Government Entities*, issued in May 2008. The report evaluated the responses of 10 counties, 10 municipalities, and 10 state agencies to public records' requests. King County scored among the highest ranking counties, providing nine out of 10 (90 percent) of the requested records in a timely manner. The report made no recommendations directly to King County.

NEW AUDIT PROJECTS UNDERWAY

METRO TRANSIT AUDIT - This council-mandated Metro Transit Audit is well underway and on schedule to support the King County Council's review and decisions regarding Transit's 2010-2011 biennial budget. Audit team members, comprised of King County Auditor's Office staff and transit consultants, are focusing on the identification of cost savings and efficiencies for transit operations. Specific areas of review include Transit's financial and capital planning practices; staffing of Transit bus/trolley and vehicle maintenance operations; and Transit police services and rider communications. In addition, the transit consultants are evaluating bus/trolley service design, scheduling, and operating practices; use of data and technology; paratransit services; trolley replacement alternatives; and fare strategies.

ANIMAL CARE AND CONTROL - This audit, also mandated by the council, will evaluate the animal care and control program to determine the extent to which the existing data systems, policies, and procedures are used appropriately to manage and carry out shelter operations, improve performance, and promote transparency and accountability. The fieldwork is underway focusing on an assessment of shelter population management and data system integrity. A consultant from Tufts Veterinary School, with expertise

in euthanasia control procedures and protocols, recently joined the audit team.

EMERGENCY MEDICAL SERVICES LEVY - Consistent with Ordinance 15862 adopting Emergency Medical Services Fund financial policies, the auditor's office initiated a financial and compliance audit of the six-year Medic One/Emergency Medical Services (EMS) Levy approved by King County voters in November 2007. This audit will evaluate the financial models and the underlying assumptions to determine whether they represent an accurate, complete, and reasonable set of criteria in projecting yearly budgeted costs during the levy period. The audit will also review the process to annually update EMS financial model variables, assess the impact of the current economic situation on EMS funding, and identify opportunities for potential millage reductions for the duration of the levy.

AUDITOR'S OFFICE RECEIVES SPECIAL RECOGNITION



The King County Auditor's Office was recognized by the Seattle Chapter of the Association of Government Accountants (AGA), who presented Cheryle Broom, County Auditor, with the organization's "Emerald Award," given annually to recognize substantial and sustained contributions to improve government accountability and transparency. In presenting the award, Elizabeth Naftchi, Seattle AGA's Chapter President, acknowledged the quality of the auditor's office audit reporting; efforts to advance performance measurement in King County; and recent initiatives involving capital project oversight and citizen engagement. Cheryle Broom accepted the award on behalf of the entire auditor's office and expressed appreciation for the commitment and support of the King County Council and other officials in advancing county government's performance and accountability.

COUNTYWIDE PERFORMANCE MANAGEMENT

Enactment of two ordinances in 2008 brought King County closer to reaching the goal of implementing a countywide performance management system driven by community priorities. The performance management system is designed to enhance the county's ability to manage for results and maximize the return on resources expended.

The new legislation largely resulted from the ongoing efforts and recommendations of a Countywide Performance Management Work Group, facilitated by the auditor's office with active participation from all branches of King County government.

The Performance and Accountability Act that passed in July 2008 requires all King County agencies and departments to prepare strategic plans every five years, annual business plans, and relevant performance measures. It supports establishing a countywide system of performance management by implementing a multi-year implementation plan approved by the council.

The second ordinance created an Office of Strategic Planning and Performance Management within the County Executive's office to lead and coordinate the development of the first countywide strategic plan and performance report. The Performance Management Work Group will assist in developing the first countywide strategic plan and performance report and provide a forum for new ideas in performance management.

The Performance and Accountability Act places King County among a handful of jurisdictions in the country that mandates a countywide performance management system.

COUNTYWIDE COMMUNITY FORUMS

During 2008, we initiated the implementation of the Countywide Community Forums (CCF) and successfully completed the first full round of forums. As authorized by a 2007 council ordinance, the CCF Program is a unique collaboration between King County and its residents to promote public participation, civic engagement, and citizenship education. It is designed to give the public a voice in the democratic process and provide elected officials and policy-makers timely opportunities to hear from the public on important policy issues. Our 2008 implementation efforts focused on developing program policies and guiding principles, and establishing the program as a dependable, independent, and useful source of information for policy-making and strategic planning.

The topic for the first round of forums was **Transportation – Public Priorities, Choices and Funding**. During June and July 2008, citizens spent about two hours watching a video on the topic, discussing and structuring their views, and completing a detailed survey. Surveys were compiled into categorical reports that show opinions by gender, race, electoral district, or other demographic criteria, and shared with the press, County Council, participating citizens, and posted on the auditor's Web site at <http://www.kingcounty.gov/operations/auditor/communityforums.aspx>.

Fifteen hundred King County residents registered as citizen councilors. For the first round, 649 residents attended one of 114 forums conveniently organized by volunteers all over the county in homes, workplaces, and libraries. Sixty-two percent of respondents liked the Countywide Community Forums over other types of public meetings, and indeed 71% had not previously testified in a public hearing or townhall meeting.

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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