



King County

Metropolitan King County Council
King County Auditor's Office
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Agenda Item #4
PM 2008-0425

MEMORANDUM

DATE: September 9, 2008

TO: Larry Gossett, Chair, General Government and Labor Relations Committee
Metropolitan King County Council

FROM: Cheryle A. Broom, ^{cb} King County Auditor

SUBJECT: Modification of the 2008 King County Auditor's Work Program

The attached motion would modify the 2008 King County Auditor's Office Work Program to address four additional work items that have evolved since the adoption of our work program on March 10, 2008. This motion was referred on August 4, 2008 to General Government and Labor Relations Committee. The Capital Budget Committee was briefed on this amendment on September 3 and the three members present at the time expressed support for the new capital oversight project.

The first addition is found on page three of Attachment A, the proposed revised work program. This adds the data center relocation project as a new capital project oversight assignment. On July 21, 2008, council appropriated some \$18 million to relocate the county's central data depository from its present location in the Seattle Municipal Tower to a leased facility in Tukwila. This relocation project includes tenant improvements and purchase of new equipment for the new facility, planning for and moving existing equipment, back-up equipment for the transition, and installation of a redundant fiber optic network between downtown county offices, some 20 miles south to the new data center location. This complex project involves multiple contracts, multiple county agencies, and a tight schedule and budget. The council added a proviso to the appropriation involving the auditor's office in review of contingency fund use on the project. This work program addition would broaden the scope of our oversight to assure timely reporting to council of emerging issues and status on the scope, schedule and budget of this high risk project.

Also on page three we have added specific reference to two local government performance audits recently initiated by the State Auditor's Office (SAO). These include an audit of the county's construction management practices for capital projects over the past three years. Specifically, we know that they will be auditing the Brightwater project. The second major performance audit is of the county's water quality and solid waste utilities. These audits were both begun this summer, are on a tight schedule for projects of this large scope. They involve liaison activities by our office per the protocols

established between the county and the SAO for performance audits undertaken by the SAO or its contractors.

The final addition is shown on page four. By council motion on June 16, 2008 the council created an Investment Pool Work Group to bring the county's investment pool practices in line with industry best practices, based on the recommendations of the investment pool advisory panel. The county auditor was directed to participate in or assign a designee to this work group.

While there are no other changes to the work program list, schedules for some deliverables on our current work program may need to be revised. For work conducted in 2008, we believe these additions to our work program can be accomplished within current resources. Some of the work will likely carry through into 2009 for completion. Estimates of 2009 costs for the capital project oversight on the data center relocation will be prepared for council to consider making an appropriation from the capital program during the 2009 budget approval process.

CB:yr
attachments

cc: Pete von Reichbauer, Vice Chair, General Government and Labor Relations Committee
Larry Philips, General Government and Labor Relations Committee
Ron Sims, County Executive
Dave Lawson, Executive Internal Audit Manager
Bob Cowan, Budget Director, Office of Budget and Management
David Martinez, Chief Information Officer, Office of Information Resource Management
James Buck, County Administrative Officer, Department of Executive Services (DES)
Ken Guy, Director, Finance and Business Operations Division, DES
Kathy Brown, Director, Facilities Management Division, DES
Mike Alvine, Lead Staff, General Government and Labor Relations Committee



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Motion

Proposed No. 2008-0425.1

Sponsors Gossett

1 A MOTION related to council adoption of the 2008 work
2 program for the county auditor's office; and rescinding
3 Motion 12712.
4

5 WHEREAS, the council adopted Motion 12712 approving the 2008 work
6 program for the county auditor's office, and

7 WHEREAS, since the adoption of Motion 12712, several important projects have
8 arisen that merit inclusion in the 2008 work program for the county auditor's office, and

9 WHEREAS, the data center relocation project is identified as a project for immediate
10 oversight, and

11 WHEREAS, the state Auditor's Office is undertaking two performance audits on
12 King County utilities and construction management that the auditor's office will have a role
13 in coordinating per the protocols established between King County and the state Auditor's
14 Office, and

15 WHEREAS, Motion 12796 created an investment pool work group and designated
16 the county auditor or her designee as a work group member, and

17 WHEREAS, the county auditor agrees that the proposed revision to the 2008
18 auditor's work program should not adversely affect any audit or study in progress, and

Motion

19 WHEREAS, the revised 2008 county auditor's work program has been developed
20 and is attached to this motion;

21 NOW, THEREFORE, BE IT MOVED by the Council of King County:

22 A. Motion 12712 is rescinded; and

23 B. The King County council adopts the attached 2008 King County Auditor's
24 Office Work Program.

25

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

ATTEST:

Attachments A. 2008 King County Auditor's Office Work Program, dated July 22, 2008

Attachment A (July 22, 2008)
2008 KING COUNTY AUDITOR'S OFFICE WORK PROGRAM

Project	Tentative Scope Summary
AUDITS/REVIEWS	
New:	
Animal Control ¹	Analyze the county's capacity to offer a model program such as the one envisioned by the Animal Care and Control Citizen's Advisory Committee. Also determine the adequacy of the incorporated city contracts in providing cost effective model animal care and control services throughout the county.
DDES Critical Areas Section	Evaluate the effectiveness of the Critical Areas Section of the Department of Development and Environmental Services (DDES). This project will describe the work of the Critical Areas Section and update the staffing efficiency conclusions for the section made in the 2004 audit of DDES workload and staffing.
Emergency Medical Services (EMS) Levy Financial Audit ¹	This levy mandates that the auditor's office conduct annual financial audits of the EMS levy monies, with the first report due in 2009. In 2008, pre-audit survey work will be done to prepare for these audits.
Historic Preservation ¹	Review how implementation of House Bill 1386 (historic preservation fees) has been implemented by King County and how it affects King County historic preservation and heritage programs. Determine whether supplanting of other funds has occurred.
Biennial Budget Pilot Evaluations	Conduct performance audits to evaluate transit operations and capital investments. This work shall begin in 2008 and be completed during 2009 with the goal of serving to inform the pilot biennial budget program for the Transit Division. This effort shall be coordinated with council budget committee staff and shall consider Transit strategic planning, performance measurement, and performance budgeting measures as evaluative criteria.
Carryover:	
Alternative Capital Procurement Methods Study	Review the pros and cons of various types of capital acquisition models available to the county, including design/build and General Contractor Construction Management (GCCM). Identify circumstances and criteria for beneficial use of each type of model. The courthouse seismic project is one of several county projects used as a case study.
Department of Development and Environmental Services (DDES) Code Enforcement Performance Audit	This audit will evaluate county code enforcement to determine whether current management, policies, procedures, and practices promote consistency, transparency, and accountability. The audit will include interviews with stakeholders in the code enforcement process.
Public Health, Environmental Health Division Fund Management Financial Audit	This audit will review how Public Health sets overhead rates for this division and determine if fee rate setting and fund management practices are in compliance with state law, county regulations and fund requirements.
Sheriff's Office Internal Investigation Unit (IIU) Performance Audit ¹	Continue to monitor Sheriff's Office progress towards addressing misconduct complaint issues in 2008 and provide a follow-up report in 2009. This may include review of changes to the Sheriff's Office 'use of force' policies and practices that were discussed in our 2006 report.

Project	Tentative Scope Summary
FOLLOW-UP ON IMPLEMENTING RECOMMENDATIONS	
Brightwater Procurement and Contracting Audit Follow-up	Determine whether revisions to executive procurement and contracting policies further contribute to the effective delivery and oversight of major capital projects as recommended in the audit. Also assess whether the policy revisions address issues related to professional services procurements and contracts for architectural and engineering services.
County Vehicle Replacement Program Audit Follow-up	Evaluate the implementation status of our 2007 recommendations to refine lifecycle cost analysis, strengthen cost recovery accounting, and improve customer relations related to county fleet management. This follow-up will also assess progress in developing county guidelines for purchasing and using vehicles.
Jail Health Services Pharmacy and Medication Administration Audit Follow-up	Evaluate whether effective implementation of 2007 recommendations has occurred. For example, assess whether processes for filling prescriptions and stocking medication carts have been improved to strengthen controls for medications and to increase efficiency of distribution.
Jail Overtime Performance Audit Follow-up	Evaluate the Department of Adult and Juvenile Detention's progress implementing two recommendations made in our 2006 performance audit of Jail Overtime, including a review of the department's evaluation of its Operations Forecasting Model. This model could potentially be used to identify the most cost-effective mix of full-time and overtime staff and to estimate the budgetary impact of staffing policy changes.
New Construction Assessments Audit Follow-up	Evaluate whether the Assessor's Office has implemented our 2006 recommendations to streamline and improve the quality of new construction permit processing, implement performance measures for new construction assessments, and increase the credibility of revenue forecasting.
Roads Concurrency Study Follow-up	Assist in Council review of a proposed new Roads Concurrency system. Our review will assess the extent to which the proposed new concurrency system adheres to the recommendations of the study, including simplifying the system and using standard transportation modeling practices.
CAPITAL PROJECTS OVERSIGHT	
Capital Projects Oversight Phase 2 Implementation ¹	The auditor's office is continuing to implement the model developed in Phase I by hiring staff for the capital oversight program, who will begin the implementation of the recommendations of the Phase I report. Also, oversight continues on the six projects listed below.
<ul style="list-style-type: none"> Accountable Business Transformation (ABT) Oversight¹ 	This project will review key milestones scheduled for completion in 2008, including the development of a High Level Business Design for ABT and various cost-benefit analyses. Executive branch reports to Council in 2008 will include the identification of business processes and decisions key to successfully unifying the county's Financial, Human Resource, Payroll and Budget processes; the prioritization of high payback areas; and development of high level requirements for a new budget system.
<ul style="list-style-type: none"> Brightwater Capital Project Oversight¹ 	Continue to provide independent and expert legislative oversight of the Brightwater Project – new treatment and conveyance system – to ensure that the County Council receives sufficient and timely information on the project scope, schedule and budget, and to promote transparency and public accountability in the development of the \$1.8 billion wastewater treatment facilities.

Project	Tentative Scope Summary
<ul style="list-style-type: none"> Harborview Ninth and Jefferson Building Project Oversight ¹ 	<p>Continue to provide independent and expert legislative oversight of the Ninth and Jefferson Building (NJB) Project to ensure that the County Council receives sufficient and timely information on the project scope, schedule and budget, and to promote transparency and public accountability in the development of this \$180 million bond-supported building project.</p>
<ul style="list-style-type: none"> Jail Integrated Security Project (ISP) and Jail Health Services (JHS) Oversight ¹ 	<p>Continue to provide oversight of this capital project which includes the replacement of the jail's electronic security system and the remodeling of Inmate Transfer and Release (ITR) and space devoted to Jail Health Services. The project is scheduled to be completed late 2008.</p>
<ul style="list-style-type: none"> Redevelopment of County Administration Building ¹ 	<p>Provide due diligence review of options, economic factors, and operational issues in the pre-design phase of the proposed project.</p>
<ul style="list-style-type: none"> Countywide Procurement & Contract Monitoring 	<p>Monitor and provide input on countywide procurement and contracting policy revisions for capital planning, design, and construction projects to determine the potential impacts in strengthening capital program delivery and accountability.</p>
<ul style="list-style-type: none"> Prioritizing Major Capital Projects 	<p>Develop a set of criteria that could be used to prioritize major capital projects. The criteria could further enable the ranking of projects considered for funding in the annual budget process, while also recognizing the differences and unique characteristics of each project, and differences in funding sources.</p>
<ul style="list-style-type: none"> Data Center Relocation Oversight 	<p>Provide independent oversight on the relocation of the county's enterprise data center from the Seattle Municipal Tower to the Sabey Center in Tukwila, including the installation of fiber optic lines from downtown Seattle some 20 miles to the new center. The oversight effort will ensure accurate and timely reporting of project progress and critical issues to the council and will review and provide input on the adequacy of project management of the scope, schedule, and cost containment efforts on the various contracts.</p>
CITIZEN ENGAGEMENT AND PERFORMANCE	
<ul style="list-style-type: none"> Countywide Community Forums Program ¹ 	<p>In 2007, the Council adopted, by ordinance, Initiative 24. It establishes a network of community forums, through which citizens can participate in small group discussions to provide input on a variety of county issues. The auditor's office oversees this program which should become operational in 2008.</p>
<ul style="list-style-type: none"> Countywide Performance Measurement and Management Program ¹ 	<p>Continue implementation of work plan developed by the countywide Performance Measurement Work Group. Four subcommittees of the main work group will work on key areas of implementation: strategic planning, citizen involvement, reporting to the public, overall coordination. The auditor plans to report results to the Council by late summer.</p>
OTHER OVERSIGHT ACTIVITIES	
<ul style="list-style-type: none"> Coordination of State Auditor's Office's (SAO) Local Government Performance Audits (I-900) ¹ 	<p>The SAO is conducting performance audits of local government per Initiative 900 that passed in fall 2005. The initiative requires local government legislative bodies to hold public hearings and confirm implementation of the SAO's performance audit recommendations. In conjunction with the Washington State Local Government Auditors Association and the County Council, the auditor's office will continue to promote communication and coordination in fulfilling local governments' expectations. This includes advising on updating the protocols between the SAO and King County to, for example, prevent duplication of effort.</p> <p>Work includes two SAO audits beginning in 2008: operations of the county's Water Quality and Solid Waste utilities; and soliciting, procuring and managing engineering, consulting and construction management contracts on county construction projects.</p>

Project	Tentative Scope Summary
Jail Operational Master Plan (OMP) Implementation	Continue to oversee implementation of recommendations made in the 2005 Operational Master Plan for Adult Detention. Many recommendations were subject to completion of the Integrated Security Project, which is due to finish in the late fall 2008.
Review of State Auditor's Report and Other County Financial Statement Audits	Annually conduct a review of the State Auditor's annual financial audit reports of King County for the preceding fiscal year. The 2006 financial reports should be received and reviewed shortly, and the 2007 reports should be available late 2008.
Investment Pool ¹ (Motion 12796 dated 6/16/08)	Motion 12796 created an Investment Pool Work Group to examine the recommendations of the investment pool advisory panel, to develop options to implement those recommendations, and to bring the investment pool in line with industry best practices. The work group includes the managers of the finance and business operations division and the office of management and budget, the council policy staff director, the lead staff to the operating budget, fiscal management and select issues committee, or its successor, the county auditor, the chief accountant and the chief economist, or their designees.

¹ Mandated