

# King County Auditor's Office

Kymber Waltmunson, King County Auditor



King County

DATE: September 11, 2015

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltmunson, King County Auditor

SUBJECT: Second Follow-up on 2013 Performance Audit of the Office of Risk Management

King County's Office of Risk Management (Risk Management) has implemented all recommendations from our 2013 audit. Its efforts have significantly advanced a comprehensive enterprise risk management program that is beginning to identify and address major risks faced by the county. Since our first audit follow-up in 2014, Risk Management has begun the process to fully implement enterprise risk management throughout King County (Recommendation 2), established performance goals to reduce non-transit accidents (Recommendation 3), and worked with Metro Transit to conduct annual transit operator refresher training (Recommendation 5).

Of the three audit recommendations reviewed during this follow-up:

<b>DONE</b>	3	Recommendations have been fully implemented Auditor will no longer monitor
<b>PROGRESS</b>	0	Recommendations are in progress or partially implemented Auditor will continue to monitor
<b>OPEN</b>	0	Recommendations remain unresolved Auditor will continue to monitor

Please see below for details on the implementation status of these recommendations.

**Implementation Status as of September 2015**

#	Quick Status	Recommendation	Status Detail
2	<b>DONE</b>	<p>We recommend that the Office of Risk Management, concurrent with development of the ERM framework identified in Recommendation 1, develop an ERM implementation plan that includes:</p> <ul style="list-style-type: none"> <li>• an initial schedule of departments for pilot implementation of the risk management process and tools as identified in the 2012 Line of Business report, with deliverables concurrent with business planning processes;</li> <li>• specific performance targets for developing and evaluating departmental assessment, treatment, and reevaluation of risks; and a schedule for ongoing implementation of ERM through all county departments and agencies.</li> </ul>	<p>Risk Management has completed an Enterprise Risk Management (ERM) implementation plan and begun to use the ERM Maturity Scorecard to set performance targets for county agencies in adopting and practicing the principles, framework, and process of ERM. All departments or divisions are scheduled to complete initial evaluations by second quarter of 2017, and complete the first round of follow-up reassessment by second quarter of 2018. Three of the county’s largest agencies--Department of Adult &amp; Juvenile Detention, Metro Transit, and Public Health--have completed the ERM Maturity Scorecard and will undergo re-assessment in 2016 in order to review progress and re-evaluate risks. As departments and divisions integrate the principles, framework, and process of ERM into their operations, the county will ultimately reduce costs by managing risks effectively.</p>
3	<b>DONE</b>	<p>The Office of Risk Management should collect vehicle accident data for non-transit vehicles per total miles driven and establish annual performance targets for reducing non-transit vehicle accidents.</p>	<p>Risk Management has collected non-transit vehicle accident data and showed that these vehicles had on average 5.5 claims per million miles driven between 2010 and 2014. Based on analysis of accident data, Risk Management proposed an annual performance target of 5.0 claims per million miles driven for 2015, and will use the target to evaluate if strategies for further reducing non-transit vehicle accidents work. According to Risk Management, a performance target at or below five claims per million miles driven is appropriate given that industry standards vary but typically range from two to seven claims per million miles driven. In addition, non-transit vehicle accidents constitute a relatively small share of the county’s total number of claims per year (about 5%).</p>

#	Quick Status	Recommendation	Status Detail
5	<b>DONE</b>	The Office of Risk Management, in conjunction with Metro Transit, should require some level of annual bus driver safety retraining consistent with transit agency best practices.	Metro Transit has implemented an operations training program that requires all transit operators to take a four-hour refresher training every year, which is consistent with transit agency best practices. This year's training topics are on safe driving, service to customers with disabilities, and communication, and they may change annually to meet the needs of the organization. Transit and Risk Management continue to work together to gather and analyze accidents and claims data to inform annual training needs. Since the county spends most money on transit-related vehicle accident claims, this training program should ultimately reduce accident claims and costs for the county.

Chelsea Lei, Management Auditor, and Justin Anderson, Senior Management Auditor, conducted this review. Please contact Chelsea at 477-6523 if you have any questions regarding this follow-up letter or the implementation status of any of the audit recommendations.

cc: Dow Constantine, King County Executive  
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