

# King County Auditor's Office

Kymber Waltmunson, King County Auditor



King County

DATE: January 25, 2016

TO: Metropolitan King County Councilmembers  
FROM: Kymber Waltmunson, King County Auditor   
SUBJECT: Follow-up on 2011 Special Study of FMD's Management of Project Delivery

The Facilities Management Division (FMD) has implemented two of our three audit recommendations and made progress on the third. This has resulted in an improved process for estimating the costs of capital projects that is more consistent, transparent, and reliable. Additional actions are needed, however, to fully implement the recommendation related to developing performance measures, which would provide better information to FMD management and improve decision-making.

Of the three audit recommendations:

DONE	2	Recommendations have been fully implemented Auditor will no longer monitor
PROGRESS	1	Recommendation is in progress or partially implemented Auditor will continue to monitor
OPEN	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 January 2016**

#	Quick Status	Recommendation	Status Detail
1	DONE	<p>As FMD continues their ongoing implementation of new tools and standardized project management processes, we recommend FMD:</p> <ul style="list-style-type: none"><li>a. Improve initial estimates of project scope, schedule, total project costs, and project management hours.</li><li>b. Consistent with Capital Project Management Work Group guidelines, develop a process for establishing a baseline cost, schedule, and scope and, if applicable, thresholds for subsequently revising the baseline.</li><li>c. Ensure consistent project numbering conventions as they use the new County finance and budget system, by developing clear definitions of what constitutes a project and criteria for master and subproject convention use.</li></ul>	<p>FMD implemented this recommendation.</p> <ul style="list-style-type: none"><li>a. For the 2015-16 budget cycle, FMD used consultants to assist developing cost estimates, which FMD intends to continue in future budget cycles. FMD intends to complete estimates earlier, allowing for feedback from maintenance staff and further refinement.</li><li>b. FMD has developed a process in Unifier, its project management system, for establishing a baseline cost, schedule, and scope. FMD also has policies that provide thresholds for revising baselines.</li><li>c. Project numbering conventions have been defined by the Finance &amp; Business Operations Division and the Office of Performance, Strategy &amp; Budget, and FMD's internal procedures follow this central guidance.</li></ul> <p>Implementation of this recommendation has increased the consistency and transparency of FMD's estimates of project scope, schedule, cost, and staff hours, resulting in more reliable information to guide biennial programming.</p>
2	PROGRESS	<p>FMD should develop meaningful performance measures for capital project delivery to assess whether planned scope, schedule, and budget are achieved on individual projects and across their programs. Beyond this, FMD needs to develop and use internal measures to inform management decisions and actions.</p>	<p>FMD's Unifier system can capture monthly information about how scope, schedule, and budget compare to baseline estimates. These are displayed using a green, yellow, and red indicator to report on project status.</p> <p>To complete this recommendation, FMD should develop performance measures that can be used to make decisions related to project delivery effectiveness as well as workforce and workload management.</p>

#	Quick Status	Recommendation	Status Detail
3	DONE	FMD should develop and apply standards to ensure project cost and schedule estimates are consistent with best practice guidance for the project phase and level of confidence needed for appropriation requests.	FMD implemented this recommendation and indicated it will continue to refine and improve its work in this area. FMD's updated policy manual includes information on estimating standards for different project phases. Going forward, FMD could consider adding information to capture inflation for all project components to the cost estimate form. FMD should also ensure that quality assurance and supervisory controls are sufficient.  Implementation of this recommendation increased reliability of FMD's project cost and schedule estimates, resulting in better information to guide biennial programming.

Tina Rogers, Capital Projects Oversight Manager, and Peter Heineccius, Senior Management Auditor, conducted this review. Kymber Waltmunson, King County Auditor, was the project supervisor. Please contact Peter at 206-477-0077 if you have any questions about the issues discussed in this letter.

cc: Dow Constantine, King County Executive  
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 Dwight Dively, Director, Office of Performance, Strategy & Budget  
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