



# KING COUNTY AUDITOR'S OFFICE

## CAPITAL PROJECTS OVERSIGHT PROGRAM

### ACCOUNTABLE BUSINESS TRANSFORMATION (ABT) PROGRAM OVERSIGHT REPORT FOR FOURTH QUARTER 2009



**CURRENT RISK RATING** ▼ Attention is needed to address schedule concerns and issues and risks described below.

#### PROJECT DESCRIPTION

The ABT Program will transform county operations by consolidating and streamlining business processes and by implementing new financial, human resource, payroll, and budget systems. The ABT Program is led by program staff in the Department of Executive Services.

**PROJECT STATUS** ● = No Current Concerns ▼ = Attention Needed ◆ = Corrective Action Needed

#### ● Scope

The baseline scope is in the ABT Detailed Implementation Plan, approved by council in October 2008. Council added a Benefits Realization Plan. ABT extended the performance management and reporting effort by one year to enhance and refine reporting capabilities.

#### ▼ Schedule

Project	Approved Schedule (go live dates)	Current Forecast	Comment
Human Capital Mgmt	9/2/09	3/16/10	One-month delay beyond previous forecast of 2/16/10
Payroll (first of three)	1/3/11	1/3/11	Restored to original schedule
Payroll (second of three)	7/3/11	1/2/12	161-day delay, to coincide with planned third go live date
Finance	1/1/11	1/1/11	Restored to original schedule
Budget (first of two)	4/1/12	2/28/12	30-day acceleration

#### ● Budget

	Approved Budget	Expenditures thru Jan 2010	Expenditures as % of Budget	Forecast Balance to Complete	Forecast Cost at Completion *
Planning	\$9,032,857	\$8,698,665	96%	\$334,192	\$9,032,857
Implementation	64,685,283	12,720,802	20%	51,874,235	64,595,037
Contingency	12,919,007	0	0%	12,919,007	12,919,007
Total	\$86,637,147	\$21,419,467	25%	\$65,127,434	\$86,546,901

\*As reported in ABT Program Annual Report 2009

#### ▼ Issues and Risks

Strategies are in place but may not be adequate to address the following:

- The schedule could be delayed if side system interfaces are not funded or completed on time.
- Project Review Board and ABT Management approvals have the potential to delay ABT schedule.
- The ABT schedule is dependent upon keeping project teams fully staffed with the required skills.
- Active and consistent participation by agency staff is needed for ABT program success.
- Key governance position changes could cause delays in future decisions and the ABT schedule.

**For detailed information and recommendations regarding this report, see the following pages.**

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### ***King County Auditor's Office – Cheryle Broom, County Auditor***

*The King County Auditor's Office was created in 1969 by the King County Home Rule Charter as an independent agency within the legislative branch of county government. Its mission is to promote and improve performance, accountability and transparency in King County government through conducting objective and independent audits and services.*

### ***Capital Projects Oversight Program – Tina Rogers, Manager***

*The Capital Projects Oversight Program (CPO) was established within the Auditor's Office by the Metropolitan King County Council through Ordinance 15652 in 2006. Its goal is to promote the delivery of capital projects in accordance with the council approved scope, schedule, and budget; and to provide timely and accurate capital project reporting.*

CPO oversight reports are available on the Auditor's Web site ([www.kingcounty.gov/operations/auditor/reports](http://www.kingcounty.gov/operations/auditor/reports)) under the year of publication. Copies of reports can also be requested by mail at 516 Third Avenue, Rm. W-1033, Seattle, WA 98104, or by phone at 206-296-1655.

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## **INTRODUCTION**

This is the fifth quarterly oversight report prepared for and submitted to the Government Accountability and Oversight Committee by the Capital Projects Oversight Program (CPO) on the status of the scope, schedule, budget, and risks for the Accountable Business Transformation (ABT) Program. The King County Auditor's Office (KCAO) was directed to provide independent oversight of the ABT Program in September 2006 by Ordinance 15595.

We continue to show the risk level for the ABT Program as yellow, indicating that attention is needed to address schedule concerns and to address issues and risks identified and described in more detail in this report.

We conduct our oversight through monthly meetings with a working group of staff from the ABT Program, KCAO, council, and Office of Management and Budget (OMB) and through other meetings as needed. We also review and conduct independent analysis where appropriate on the formal reports issued by the ABT Program. In addition, we coordinate our oversight efforts by reviewing the reports of the Project Review Board (PRB) and Pacific Consulting Group, Inc., the quality management consultant who reports directly to the ABT Program sponsor (the director of the Department of Executive Services).

This report comments on the ABT Program Quarterly Report March 2010 (covering the quarter ending December 31, 2009). The executive delivered this report to the Clerk of the Council by the mandated deadline of March 1, 2010. Information presented in this document is based on the most current information available at publication date.

## **PROJECT STATUS UPDATE**

### **Major ABT Accomplishments**

Major ABT accomplishments since our previous report are:

- The Human Capital Management (HCM) Project completed testing, training, and agency readiness assessments in February 2010. The "go live"<sup>1</sup> of March 16, 2010 was met, one month behind the original go live date of February 16, 2010. The original go live date was postponed by one month pending correction of data conversion errors that were discovered during preparation of the third and final parallel test.
- The Finance Project has completed configuration of approximately 90 percent of the finance system requirements defined by the county. A second round of conference room pilots<sup>2</sup> in March and April is currently underway. In addition, the Finance Project completed specifications for agency side system interfaces and met with agencies to review them.
- The Payroll/Time and Labor (PTL) Project continued business process redesign sessions for time capture processes and began conference room pilot sessions. In addition, the project began detailed design sessions with the agencies that are scheduled to go live in January 2011.
- The Budget Project completed budget system requirements and conducted prototype review sessions in January 2010. A "go forward" strategy and options for next steps have been

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<sup>1</sup> "Go live" is when an application becomes operational and is ready for use.

<sup>2</sup> Conference room pilots are sessions designed to validate the design or solution fit of the software application by allowing end-user and agency personnel to view and use the configured software carrying out typical or key business processes.

completed by the consultant for the project. ABT is now in the process of prioritizing the budget system requirements for inclusion in a Request for Proposal (RFP) for release in April. The RFP will seek a system solution and a system integrator.

- The Benefits Realization Project completed its work plan for updating the Benefits Realization Plan and began the process of obtaining approval through the ABT governance process.

## Scope

The ABT Program is a multi-year effort to standardize and streamline the county's business processes and systems for its human resources, payroll, finance, and budget functions. The program scope consists of five projects described below.

- The Human Capital Management (HCM) Project will implement countywide human resources business processes supported by the PeopleSoft HCM system. In addition, the project will implement an upgrade to PeopleSoft 9.0 for current PeopleSoft users (about one-third of the county).
- The Payroll/Time and Labor (PTL) Project will implement countywide payroll/time and labor business processes and migrate the portion of the county (about two-thirds) that is currently paid semi-monthly from the legacy system to PeopleSoft bi-weekly payroll.
- The Finance Project will implement countywide finance business processes supported by Oracle Financials.
- The Budget Project will implement capital and operating budget business processes supported by a new capital budget, operating budget, and performance management reporting system.
- The Benefits Realization Project will identify cost savings that will result from standardizing and streamlining business processes and implementing new software systems.

Embedded in the HCM, PTL, finance, and budget projects are business process redesign efforts (also referred to as business transformation) designed to standardize and streamline business processes and create efficiencies and cost savings.

There have been no changes in scope during this reporting period.<sup>3</sup> The program is proceeding as planned with implementing PeopleSoft HCM, PeopleSoft PTL, and Oracle Financials. Although Cognos is being used for prototype purposes, a final decision on the software for the budget system, in addition to the system integrator, will be made during 2010.

## Schedule

### Schedule Changes

As reported in the first quarterly oversight report, several delays in go live dates occurred due to a three-month delay executing the consultant contract with the system integrator (CIBER, Inc.). The projects impacted were HCM (a delay of 5 -1/2 months), the first PTL group (a delay of 1-1/2 months), and finance (a delay of one month).

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<sup>3</sup> Two scope changes were documented in the first oversight report: the addition of the Benefits Realization Plan mandated by the County Council, and the addition of one year of post deployment support for the performance management and reporting effort.

Another major change in the schedule reported in the second quarterly report was a six-month delay in the budget business process redesign and system prototype building efforts. The original schedule of January to June 2009 was moved to June 2009 to January 30, 2010. Some business process redesign was accomplished in a “future state” document for the budget system two weeks late, on February 16, 2010. The work will continue during system implementation between July 2010 and February 2012. A target date for the remainder of the work has not yet been determined. The ABT Program Manager, however, does not believe the delay will impact the go live dates for the budget system, which are not planned until 2012.

During the prior reporting period, the ABT Management Team approved changes to the schedules for the Finance and PTL projects. The change for the Finance Project was to restore the January 1, 2011 go live date originally approved in the Detailed Implementation Plan (DIP) instead of allowing the previously reported 30-day delay. This schedule change was made so that implementation will take place at the beginning of a fiscal year, thereby simplifying many tasks and avoiding increased costs.

In addition, the PTL schedule was changed to accelerate the first payroll group to go live on January 3, 2011 (instead of February 16, 2011) to avoid mid-year implementation cost impacts. The second go live event originally scheduled for July 3, 2011 was cancelled and consolidated into the third payroll group to go live on January 2, 2012. While this represents a delay for implementation of the new payroll system for approximately 5,000 employees (out of a total of 17,000), avoiding the costs of mid-year implementation and consolidating efforts in two events rather than three appears to be a prudent cost avoidance strategy. These changes to go live dates were designed to keep newly discovered cost increases discussed below as low as possible.

Most recently, ABT announced a one-month postponement of the February 16, 2010 go live date for the HCM project. As noted earlier, in preparing for the third and final parallel test, some data conversion issues between PeopleSoft and MSA were uncovered. These issues have now been resolved. On March 2, the ABT Management Team approved a new go live date of March 16, 2010. The system went live at that time. These schedule changes, as well as others that have occurred to date, are reflected in Table 1.

**TABLE 1  
Major ABT Program Milestones**

<b>Go Live Schedule</b>				
<b>ABT Project</b>	<b>Council-approved DIP (Baseline)</b>	<b>ABT Program Current Forecast</b>	<b>Variance: +delay or -acceleration</b>	<b>Comments</b>
<b>Human Capital Management (HCM)</b>	9/2/09	3/16/10 (actual)	+ 195 days	The ABT Program postponed the previous February 16, 2010 go live date by one month pending correction of data conversion issues. HCM went live in March 16 in accordance with the updated forecast.
<b>Payroll/Time and Labor</b>				
-Group #1 (9,385 employees)	1/03/11	1/3/11	No change	Restored to original schedule to save mid-year implementation cost impacts. Moved ahead 43 days from previous report.
-Group #2 (5,227 employees)	7/3/11	1/2/12	+161 days	Group #2 deployment was cancelled and combined with Group #3 to avoid mid-year implementation cost impacts.
-Group #3 (2,431 employees)	1/1/12	1/2/12	+ 1 day	Delayed to more closely coincide with pay period.
<b>Finance</b>	1/1/11	1/1/11	No change	Restored to original schedule to save mid-year implementation costs. Moved ahead 30 days from earlier reports.
<b>Budget</b>				
-Business Process Redesign	6/30/09	TBD		Initially delayed by seven months because of consultant negotiations and staff unavailability. Some redesign work was accomplished in a "future state" document for the budget system published on February 16, 2010. The work will continue during system implementation between July 2010 and February 2012. A new target date for the remaining work is yet to be determined.
-Capital	4/1/12	3/15/12	-15 days	Accelerated for new deadline for the executive's transmittal of proposed budget to council per November 2008 charter amendment.
-Operating	4/1/12	2/28/12	-30 days	Accelerated for new deadline for the executive's transmittal of proposed budget to council per November 2008 charter amendment.
-Performance Management	12/31/12	12/31/12	No change	Go live on schedule. Extended staffing one year, through 12/31/13, to refine and enhance reporting capabilities.
<b>ABT Project</b>	<b>First Published Schedule</b>	<b>ABT Program Current Forecast</b>	<b>Variance: +delay or -acceleration</b>	<b>Comments</b>
<b>Benefits Realization</b>				
-Benefits Realization Plan (BRP)	4/30/09	4/27/09 (actual)	-3 days	
-Benefits Measurement Plan (BMP)	2/28/10	2/28/10 (actual)	0 days	Submission of the BMP met the February 2010 deadline set for internal review. The BMP is reflected in the 2010 Update of the BRP, which is now undergoing ABT governance review.
-2010 BRP Update	None	4/30/10		Publication of the update is tentatively scheduled for April 2010.

Earned Value Analysis - Schedule

As recommended by our oversight activities, the ABT Program conducts earned value analysis as an additional project management tool for cost and schedule control. It provides an ongoing assessment of the project delivery performance as compared to the planned schedule and budget and can help forecast schedule delays and cost overruns. Table 2 shows schedule performance indicators from this analysis at the program level for the current and three previous quarters.

<b>TABLE 2</b> <b>Earned Value Analysis</b> <b>ABT Program Implementation Phase - Schedule Performance</b>						
Measure	Through 1 <sup>st</sup> Q 2009	Through 2 <sup>nd</sup> Q 2009	Through 3 <sup>rd</sup> Q 2009	Through 4 <sup>th</sup> Q 2009	Trend	Comments
Schedule Variance	\$(389,300)	\$(1,373,083)	\$(1,626,517)	\$(660,944)	↑	Places a dollar value on how far (behind) or ahead of schedule the program is. Positive values are desired.
Schedule Performance Index	0.82	0.89	0.92	.98	↑	A ratio dividing the value of work completed by the value of work planned to be completed. Values greater than one are desired.

**Note:** "Q" means quarter.

The earned value analysis continues to show schedule performance indicators that all four projects are behind schedule when comparing actual progress through the end of the fourth quarter to the reset program schedule. Therefore, the cover page for this report indicates a "yellow" rating for the schedule status for ABT, indicating "attention is needed."

The schedule indicators, however, are within a range that shows the schedule can still be met with project management attention and action to address project progress issues. As reflected in the table, trends are positive showing the schedule performance is improving. We have observed diligent attention to schedule performance and accountability from the program manager and the entire management team and believe that the schedule performance indicators are less than optimal predominately because of delays in hiring staff, and additional time being devoted to assuring that agency concerns are understood and addressed. If schedule performance indicators consistently trend toward improvement, and are in the desirable range, a change in the schedule status to "green" or "no current concerns" will be considered.

**Budget**

Overview

As shown in the table on the cover page of this report, the ABT Program has a total budget of \$86,637,147 based on current appropriations. The planning phase ended in January 2009 leaving \$344,192 available for expenditure out of the original \$9,032,857 budgeted for the implementation phase. Through January, approximately 20 percent of the implementation budget has been spent.

Monthly expenditures during the fourth quarter have averaged approximately \$1.1 million, up from \$990,000 per month in the third quarter of 2009.

Forecast Cost at Completion and Expenditures

Table 3 below shows the estimated forecast cost at completion at the project level as reported in the ABT Program Annual Report 2009. The total forecast cost at completion is equal to the baseline budget. Table 3 also shows the implementation expenditures by project, as reported in the ABT March 2010 report through December 2009.

<b>TABLE 3</b>					
<b>ABT Program Baseline Budget, Forecast Cost at Completion and Expenditures</b>					
	<b>Baseline Budget</b>	<b>Forecast Cost at Completion</b>	<b>Variance Under/ (Over) Baseline</b>	<b>Expenditures through 12/31/09</b>	<b>Percent of Baseline Spent</b>
<b>PLANNING TOTAL</b>	<b>\$9,032,857</b>	<b>\$9,032,857</b>	<b>\$0</b>	<b>\$8,688,520</b>	<b>96%</b>
Financial	29,097,704	29,656,244	(558,540)	6,933,128	24%
Human Capital Management	10,238,471	12,577,542	(2,339,071)	3,352,739	33%
Payroll/ Time and Labor	20,424,577	17,213,595	3,210,982	1,405,995	7%
Budget	4,834,285	4,581,122	253,163	206,789	4%
Benefits Realization	0	566,534	(566,534)	321,997	n/a
Contingency	12,919,007	12,919,007	0	0	0%
<b>IMPLEMENTATION TOTAL</b>	<b>77,514,044</b>	<b>77,514,044</b>	<b>0</b>	<b>12,220,648</b>	<b>19%</b>
<b>TOTAL*</b>	<b>*\$86,546,901</b>	<b>\$86,546,901</b>	<b>\$0</b>	<b>**\$20,909,168</b>	<b>24%</b>

\*Does not include supplemental appropriation for oversight costs.

\*\*From ABT March 2010 Quarterly Report- IBIS reports show life to date expenditures lower by \$135,892.

Contingency

The appropriation of \$12,919,007 for contingency is in a separate project number and represents a 20-percent contingency. As reported previously, in November 2009 the ABT Management Team approved the use of \$4.7 million or 36 percent of the contingency budget over the life of the project to: (1) address schedule changes for the Payroll/Time and Labor and the Finance projects; (2) increase resources for change management activities; (3) increase resources for year-end activities for the Finance and Business Operations Division (FBOD); (4) increase resources for bargaining the impacts of ABT; and (5) provide a contingency for side system readiness costs.

Earned Value Analysis - Cost

Table 4 shows the cost performance results of the earned value analysis conducted for the current and three previous quarters. The measures for the third and fourth quarter 2009 show two different values. The top numbers show the results as calculated by the ABT program. The bottom numbers show our calculation revised to account for the estimated value of consultant work considered as earned but not yet paid.



**TABLE 4**  
**Earned Value Analysis**  
**ABT Program Implementation Phase - Performance**

Measure	Through 1 <sup>st</sup> Q 2009	Through 2 <sup>nd</sup> Q 2009	Through 3 <sup>rd</sup> Q 2009	Through 4 <sup>th</sup> Q 2009	Trend	Comments
Cost Variance	\$(1,062,118)	\$1,750,678	\$9,099,966 \$5,914,165	\$14,283,906 \$10,712,354	↑ ↑	Places a dollar value on how far (over) or under budget the program to date. Positive values are desired.
Cost Performance Index	0.63	1.31	2.04 1.50	2.17 1.68	↑ ↑	A ratio dividing the value of work completed by the actual costs incurred. Values greater than one are desired.

Note: "Q" means quarter.

The cost performance indicators have shown significant improvement since the first quarter of implementation work. As calculated by ABT, the fourth quarter 2009 cost variance increases to a positive value of over \$14 million and the cost performance index increases to 2.17 for the program overall. Values reported for each of the individual projects show positive trends. All are in the desirable range except for the BRP project. These results indicate that the project is completing work much more efficiently (at lesser cost) than planned. As previously reported, adjusting to correct for the time lag for consultant payments results in lower, but still very favorable, earned value cost performance calculations

With the continued positive cost performance trends, we have changed the budget status on the first page of this report to a "green" indicating "no current concerns" about the budget.

## Issues and Risks

Our previous oversight reports included six issues or risks that might impact the successful delivery of the ABT Program consistent with the council-approved scope, schedule, and budget. Ongoing oversight monitoring of the ABT Program's mitigation strategies to minimize the risks is conducted to assess whether the strategies are effective and adequate. Provided below is an update on the six issues from the previous report.

- 1. The resources for ensuring that side systems retained in agencies continue to function and interface with new ABT systems (PeopleSoft, Oracle, and Cognos) are not included fully in the ABT Program scope or budget.**

**Summary:** Agency resources for ensuring that side systems<sup>4</sup> interface with the new ABT systems are not included in the ABT Program implementation scope or budget. If agencies are not able to fund interfaces for necessary side systems, a delay to the ABT implementation schedule or an impact to an agency's business processes could result. The ABT Program has processes in place to identify existing side systems, resolve issues around the decision to retire or continue use of side systems, and to assist agencies in identifying the resources needed to develop new interfaces for their retained side systems. In coordination with OMB, agencies have been given guidance on developing budget requests for these resources.

<sup>4</sup> A side system is an Excel spreadsheet, an Access database, or other third party software application that is required by a department or agency to support its business processes.

**Issue Status:** Open. Three agencies received funding in the 2010 adopted budget for side system integration. Other agencies will be expected to absorb costs. In the event costs cannot be absorbed, the ABT Program is in the process of defining criteria to be used to allocate up to \$1 million from ABT contingency. CPO will be reviewing the process and the criteria that will be used to allocate funding. An open issue regarding how the ABT Program will track interface costs has been resolved. In addition, CPO staff will continue to monitor the disposition of side systems and agency interface costs through reporting from ABT in accordance with our recommendation in previous reports.

**2. There is a risk that the technology environments to support the ABT Program may not be available to support ABT Program activities on a timely basis.**

**Summary:** ABT developed a technology testing environment for the HCM project. Current tests involve loading real transactions into the system and then evaluating accuracy. Final readiness testing was completed in March 2010. The ABT Quality Management consultant believes that the HCM pilot testing is no longer an issue to be tracked further.

**Issue Status:** Closed. The HCM project went live on March 16, 2010. CPO staff will monitor the same issue for the PTL, Finance, and Budget projects at the appropriate times during their respective implementation stages and will raise the issue again if needed.

**3. Future Project Review Board and ABT Management reviews, checkpoints, and decisions could impact the ABT Program schedule and budget if not completed in a timely manner.**

**Summary:** As noted in previous reports, the governance structure of ABT requires various levels of approval at key milestones of the program. While ABT has employed a mitigation strategy to facilitate communications and resolve issues, CPO staff will continue to monitor the effectiveness of these strategies, especially in light of the potential for changes in personnel in key positions within the governance structure (see issue #6 below).

**Issue Status:** Open. CPO will continue to monitor.

**4. The ABT schedule is dependent upon keeping staffing project teams fully staffed with the required expert functional and technical skills.**

**Summary:** Recent hiring efforts have taken longer than anticipated.

**Issue Status:** Open. As of March 2010, there are three vacant positions: one General Ledger Cash Lead (due to turnover) and two PeopleSoft functional analysts (to support the HCM system that has been implemented). Efforts are underway to fill these positions as soon as possible. ABT has made good progress hiring staff in a timely way as a result of employing additional mitigation strategies to fill new positions in a timely manner. Backup plans to use contract employees have been implemented. Recent experience has highlighted the importance of initiating hiring processes with adequate lead time to allow for unanticipated delays and enhanced outreach efforts to provide an ample candidate pool. This is especially applicable for positions requiring expertise that is in short supply in the current market. In addition to new positions, ABT has needed to fill unanticipated vacancies created because of staff turnover. We will also be monitoring staff retention.

**5. Subject matter experts from all agencies of county government must be available to attend ABT business sessions for business requirements development, business process reviews, and user system testing. Inadequate participation may impact the quality of the system integration and delay implementation.**

**Summary:** ABT implementation relies heavily on meaningful input and active participation by county agencies during all ABT meetings and review processes. Inadequate participation by agencies may impact the quality of ABT systems and delay implementation. The ABT Program has employed a number of strategies for monitoring and insuring adequate agency involvement.

**Issue Status:** Open. Agency participation through the Operational Change Management (OCM) Committee continues to be strong.<sup>5</sup> CPO will continue to monitor the level and quality of agency participation by observing Web site updates, reviewing written communications and other written products, and attending selected meetings. We will pay particular attention to the impact of any 2010-budget cuts on agencies' abilities to fully participate in ABT.

**6. Changes in key governance positions could erode support for the program and or cause delays in future decisions and schedule.**

**Summary:** If the new County Executive makes changes in any top management positions that have a role in ABT, there is a chance for turnover of ABT governance positions. Lack of continuity in the ABT governance structure could create uncertainty in continued support for the ABT Program and the ability to make informed decisions in a timely manner.

**Issue Status:** Open. Recent changes within the Department of Executive Services (DES) have resulted in changes in the ABT governance structure. Caroline Whalen, formerly the Deputy ABT Program Sponsor, is now the Director Designee of DES and, as such, takes on the role of ABT Program Sponsor. Bob Cowan, former DES Director and ABT Program Sponsor, is now the DES Transition Director, and as such takes on the role of Deputy Program Sponsor. Because the changes result in a swap of roles for the ABT Program Sponsor and the Deputy ABT Program Sponsor, we anticipate little to no impact on continued support for ABT or on decision-making.

In addition, Dwight Dively was recently appointed to the position of Director of the Office of Management and Budget. The new director has been briefed by ABT staff on his new role as part of the ABT Management Team.

CPO will monitor any future changes in the membership of ABT governance structure and the effectiveness of the ABT Program's mitigation activities to prepare new members to assume the responsibilities of their ABT governance roles. We will closely monitor any impacts to the program scope, implementation plan, and schedule that are related to changes in the governance structure membership.

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<sup>5</sup> The OCM is a group of high-level agency personnel that meets monthly with ABT management and staff to receive project updates, discuss and resolve issues, and share information.

## **OTHER OVERSIGHT RESPONSIBILITIES FOR CPO**

### **Benefits Realization Project**

Through the end of 2009 and into the first two months of 2010, ABT completed the draft report of its Benefit Realization Plan (BRP) 2010 Update, which includes the ABT Benefits Measurement Plan (BMP). The BMP will be used to measure the achievement of ABT objectives. In March 2010, ABT began submitting these documents for review, comment, and approval to the ABT Management Team, the OCM Committee, the External Advisory Committee, and the Leadership Committee. The last step in this review and approval process is scheduled to occur in early April.

Approval by the governance structure is intended to signify the understanding and commitment to the elements of this plan including:

- Agreement that the benefits and measures described are reasonable and achievable.
- Agreement that the two FTE metrics (below) established in the Benefits Measurement Plan will reflect decisions resulting from the county's annual budget process to reduce operational FTE's or avoid increasing operational FTEs as a result of labor efficiencies gained from ABT.
  - FTE reductions will measure budget reductions that are either made in anticipation of or as a result of efficiencies produced by the ABT Program.
  - FTE cost avoidance will measure the reinvestment of time saved into higher value activities and fractional shifts in work that result in higher productivity that can be achieved without additional FTE investment.
- Key stakeholders understand their role and contribution to benefits measurement and review.

We had access to and have provided input on various drafts of the 2010 update of the Benefits Realization Plan. At present, the 2010 update is still subject to changes, and a completed report is expected by April 2010. We will review that report once it is available in order to assess agency accomplishments regarding the realization of anticipated benefits.

### **Expenditure Restrictions**

Through the various appropriations for the ABT Program, council has placed expenditure restrictions on the ABT budget totaling nearly \$40 million. Of these, the ABT Program appears to have satisfied nearly \$34 million of the expenditure restrictions. The remaining \$6 million is scheduled to be released in increments over the next three years.

Funding to reimburse the auditor's office for CPO costs has also been restricted or specifically appropriated totaling \$280,002 to date.

### **Stakeholder Participation**

A CPO analyst in the auditor's office, separate and apart from oversight activities, is participating as an agency stakeholder in the ABT Program implementation activities. Participation as an agency stakeholder is important to ensure that the financial and capital budget systems track costs and provide reporting in a way that is useful for capital project oversight purposes in the future.

## **RECOMMENDATIONS**

A previous recommendation we made in 2009 to include in ABT annual reports an updated forecast of ABT Program costs at completion has been implemented. Below are status updates on two recommendations contained in our previous quarterly reports.

1. The ABT Program should compile agency interface costs and report them in its 2010 annual report, along with a status report on disposition of side systems and agency progress on meeting schedule deadlines for side system interface readiness.

**Status:** The ABT Program has designed a monthly status update on side systems in accordance with a recommendation made in the August 2009 report from the ABT Program quality management consultant. We will use this information and updates to track this issue. A plan is in place to track interface costs.

2. The ABT Program should review their past experiences with filling vacant positions and update their approach to address the current and potential future challenges for recruiting and hiring staff needed to meet project schedules.

**Status:** ABT reviewed their past experiences and found that filling vacant positions requiring specific functional or technical expertise were the most troublesome. Because competition for these skills will continue, ABT has initiated mitigation efforts for these types of positions, including: (1) using local contractors with the required skills to fill the positions while at the same time initiating standard recruitment processes; and (2) identifying county employees who possess the required skills and who can be “loaned out” or transferred to ABT. As of this writing, there are three vacant positions with plans in place to fill the positions. CPO will continue to monitor to determine whether these and future vacancies are filled in a timely manner.

## **ACKNOWLEDGEMENTS**

We appreciate the collaborative efforts of the staff from the ABT Program, OMB, and council for their input to effective oversight of the ABT Program consistent with council intent. We also appreciate the assistance from the PCG, Inc. and the staff of the PRB towards coordinated oversight of this important countywide program. This report was prepared by Ron Perry, Tina Rogers, Bob Thomas, and Shelley Sutton. No briefing of this quarterly report is scheduled, as the Government Accountability and Oversight Committee was briefed on the ABT Program status and our oversight on March 2. Should you have questions or comments on the report, please contact Tina Rogers, Capital Projects Oversight Manager or Ron Perry, Deputy County Auditor.

## **DISTRIBUTION**

King County Government Accountability and Oversight Committee

cc: Metropolitan King County Councilmembers  
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