King County

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MEMORANDUM

DATE: January 23, 2013

TO: Government Accountability & Oversight Committee

FROM: Cheryle A. Broom, King County Auditor

SUBJECT: Oversight of Capital Project Data Reliability in New County Information Systems

EXECUTIVE SUMMARY

After one year of use, we find there are issues affecting the reliability of capital project data in the county's new finance system, EBS. To help resolve these issues, we convened a group of executive branch subject matter experts and began meeting in October 2012. Since then, we have focused the group's attention on and can report progress in three areas:

1. Complete and accurate historical appropriation and expenditure data from legacy finance systems;
2. Reliable reports for capital project monitoring and management; and
3. Consistent project numbering practices.

Council policy staff is also participating in the meetings. They confirm the specific data needs of the legislative branch. We will continue to work with this group of experts on these and other data reliability issues in 2013.

PROJECT DATA FROM LEGACY FINANCE SYSTEMS

Life-to-date appropriation and expenditure amounts in the EBS finance system for many capital projects were not complete and accurate during most of 2012. Approximately 90 percent of the county's capital projects were started before 2012, with historical appropriations and expenditures that predate the EBS system. This historical information from the legacy finance systems (ARMS and IBIS) must be brought in to EBS to calculate life-to-date project information. In October 2012, we assessed the historical data available in EBS for 171 capital projects, selecting the largest projects in each of the county's capital funds. We found that more than 70 percent of the historical data in EBS did not match the county's legacy finance system data.

The executive branch was aware that the historical project data in EBS had discrepancies. The Office of Performance Strategy and Budget (PSB) are working with agencies to resolve these data

discrepancies. PSB reports this work is nearing completion, and we plan to reassess the life-to-date appropriation and expenditure amounts during the first quarter of 2013. Once determined to be accurate, we will assess whether adequate controls exist to ensure the historical data in EBS is protected from inadvertent changes.

PROJECT REPORTS

County agencies do not have access to reliable standard reports with comprehensive capital project information as had been readily available from the legacy finance systems. Agencies use the provided reporting tools to create custom reports to meet their needs. Users need to exercise caution as both standard and custom reports can produce erroneous results, if not designed properly or used as intended. The Business Resource Center (BRC) intends to work closely with the Finance and Business Operations Division (FBOD) and PSB to refine the standard reports available to all users and eventually certify that the reports gather and provide accurate data. The BRC, FBOD, and PSB do not have the resources to certify the needed standard reports in the near term, given other higher priority work demands. We will continue to work with the expert group to refine the standard capital project reports and monitor progress toward certifying these reports.

We will continue discussion of how to improve capital project report documentation for users of the finance system. Users need documentation to help them avoid potential pitfalls that could result in inaccurate information from the reports. Users also could benefit from documentation of definitions for data fields in the finance system and resulting capital project reports. The group intends to continue discussions on priorities for improving reports.

CAPITAL PROJECT NUMBERING

County agencies do not have consistent capital project numbering practices. Inconsistent project numbering has historically limited the ability to use finance and budget system data to monitor project performance across county capital programs. We have identified this issue and its impact on accountability and transparency in oversight reports in past years.[1] Continuation of inconsistent project numbering practices with the new systems is unfortunate and, unless resolved, will limit the ability to optimally use data from the new systems.

Inconsistent project numbering contributes to difficulty obtaining reliable information from the finance system to answer questions such as, "how much has been spent on a capital project." This is most problematic when multiple sub-projects comprise a larger project or master program. We found that most agencies link affiliated projects by using a field in EBS called the class code. This approach appears to facilitate tracking these project relationships and may be of value for all agencies. We intend to work with the expert group to further review this approach, determine if reports can accurately compile the needed information, and reach out to agencies not currently using the class code field.

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[1] Special Study of FMD's Management of Project Delivery, November 17, 2011, pg. 8.

POTENTIAL FUTURE TOPICS

To make further progress toward reliable capital project data, we intend to focus next on the data input and quality control business processes in user agencies. We also plan to assess data reliability in the new budget and project information center systems once PSB has finished some major system enhancements currently underway. Please let us know if you have other topics you would like us to explore.

ACKNOWLEDGEMENTS

We thank the participants in the expert group for their contributions and interest in ongoing efforts to improve capital project data reliability. Tom Wood prepared this report. Should you have questions or comments on the report, please contact Tom Wood or Tina Rogers.

DISTRIBUTION

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