



This performance audit responds to a 2007 council budget proviso to evaluate the Facilities Management Division's adherence to best practices in capital programming and planning. The audit also reviewed the county's broader policymaking framework and oversight practices for capital programming and planning, including the county code and countywide policies and procedures.

While Facilities Management Division (FMD) employed many best practices in the programming and planning phases of the capital project case studies reviewed, we identified opportunities for improvement. For example, FMD should more frequently update its major maintenance project inventory, standardize its risk assessment and cost planning for Major Capital Projects, and improve its reporting of capital project analyses and other processes to county decision-makers. County decision-makers and FMD should also clarify the county code as well as countywide and internal agency policies and procedures to strengthen the consistency and transparency of capital programming and planning practices. This audit's recommendations parallel and complement recommendations made in our Capital Projects Oversight report entitled "Design of a Model for the Auditor's Office Capital Project Oversight Reporting" presented to council in September 2007.

Capital Programming

FMD has effectively implemented planning tools and processes that are consistent with the county code and best practices for assessing operational and capital needs. In addition, FMD established an inventory of facilities that drives a comprehensive major maintenance program. However, FMD's capital improvement program (CIP) is not comprehensive, which limits the ability of the county to conduct long-term planning and to ensure that FMD's capital projects further the county's and agencies' goals. In addition, FMD had not updated its inventory of facility condition since 2002. The selection criteria for Major Capital Projects, which comprise the majority of the county's capital investments, were not documented and communicated consistently to the county council.

Capital Project Planning

FMD was responsive to council requests for project planning information on Major Capital Projects. However, FMD lacks standard frameworks for major components of project planning, including alternatives analysis, cost planning, risk assessment, and development of project management plans. Developing standard capital planning frameworks would promote consistent, comprehensive analysis as well as transparency to facilitate effective capital decision-making.

Oversight of Capital Programming and Planning

FMD does not have, nor does county code include, standard requirements for project justifications. Therefore, council has not always had complete or critical information upon which to evaluate capital requests and make funding decisions. In addition, the county code does not require a separate predesign phase and predesign report prior to

initiation of capital funding requests. Such a requirement would offer the council a final opportunity to review and approve projects before irreversible and costly design and construction decisions are made.

FMD's performance measures are limited to schedule and budget measures for the Major Maintenance Program. These measures do not convey whether the program is succeeding in its overarching goal to preserve the county's capital assets.

Recommendations

Audit recommendations call for FMD to:

- Develop a comprehensive capital program that demonstrates how its capital projects support countywide and agency goals.
- Institute a regular schedule for facility condition inspections and major maintenance updates.
- Establish selection criteria for Major Capital Projects, and promulgate the selection criteria in funding requests.
- Standardize alternatives analysis, cost plans, risk assessment, project management plans, project justifications, and economic analysis.
- Improve performance measures for capital project management and capital asset preservation.

The report also recommends that the county council:

- Strengthen the county code to better define major components of capital program policy.
- Consider requiring a discrete predesign phase and a predesign report for FMD's major projects.

Executive Response

The County Executive concurred or partially concurred with the audit recommendations.