



# **Performance Management Auditors Adding Value**

**Pacific Northwest Intergovernmental Audit Forum  
2013 Spring Conference  
Portland, Oregon**

*March 7, 2013*

*Ron Perry, Deputy Auditor, King County Auditor's Office*

# Ron Perry



3/7/2013

PNIAF Spring 2013

# Overview- the big picture

- How to support the establishment of a performance management system and, ultimately, improve the performance and accountability of government programs.
- How to promote performance management to measure whether and how well an organization or program meets its goals.

# Multiple layers of involvement

Opportunities to add value in a performance-based culture through:

- **Performance management** – Supporting countywide alignment between goals and resources, accountability and transparency
- **Performance auditing** – Using measures to support performance evaluation
- **Performance measurement** – Leveraging performance data to capture added value

King County Auditor's Office authority in terms of performance management comes from:

- King County Charter
- Code
- Annual Work Program

# Advancing Countywide Performance Management

- King County Council created a Performance Management Work Group convened by Auditor
  - Part of county code
  - Non-traditional role for auditor: *An advisory role that maintains independence*
- Work Group promotes performance management by
  - Advising council on performance management
  - Providing forum for discussing best practices and implementation issues

# Best practice review

County Ordinance created a Performance Management Action Team to review current performance management model and directs Auditor to provide best practice examples that:

- align goals/priorities to the budget
- achieve cross-branch participation and accountability
- support clear and transparent processes
  - information is easily accessible
  - stakeholders engaged at key points

Copies of this Performance Management Best Practices Review are available on the King County Auditor's website or [here](#)

## Auditing efficiency, effectiveness, and compliance

- What are the goals and measures?
- Are the measures consistent with goals?
- How to track, report, and use the results?
- What does the measurement indicate?
- What if measures lack?





# Incorporating Performance into Audits

- Review existing plan(s), performance management structure, and performance data
- Evaluate for alignment, validity, usefulness, and results
- Develop measures and benchmarks as audit criteria if none exist.

# Maturity Model for Performance Measures

Parameters	Level 1 – Reactive	Level 2 – Tactical	Level 3 – Focused	Level 4 – Strategic	Level 5 – Pervasive
What is Measured	Nothing or Inputs	Activities (what you do)	Outputs (what you get)	Initial Outcomes	Ultimate Results
Connection to Strategic Goals and Planning	None	None	Limited	Connected	Fully Connected
Quality of Data	Unreliable	Manually generated	Automatically generated	Automatically generated	Automatically generated
Number of Users	None	Limited to process users	Agency-wide	Organization-wide	All stakeholders
Uses	None	Monitor specific processes	Monitor agency-wide processes	Evaluate performance	Evaluate/communicate performance and set priorities
Documentation	None	Limited	Technical level	Technical	Technical and Layperson

# Exercise

#	Entity	Measure
1	Forest Service	Cost per acre to protect environmentally important forest
2	Troops-to-Teachers	Percentage of Troops-to-Teachers who remain in teaching for three or more years after placement in a teaching position in a high-need school
3	King County	Unemployment rate in King County
4	Women, Infants, Children (WIC) program	Number of participants provided with information on health care providers
5	GAO	New products with recommendations
6	Border Patrol	Number of miles under operational control
7	National Weather Service	Daily briefings delivered twice a day are to be provided 100 percent of the time

# Maturity Level of Performance Measure

1. Reactive – Inputs
2. Tactical – Activities
3. Focused – Outputs
4. Strategic – Initial Outcomes
5. Pervasive – Ultimate Results

# Using Performance in Audits

- More subjective than you expect
- Difficult to evaluate in isolation
- Need to examine in context of
  - Goals/Mission of organization
  - Availability of data
  - Overall family of measures
  - Causality

# Example: Transit Bus Procurement

- Industry experts recommend procurement performance management, but, the transit industry as a whole has not yet embraced it.
- King County Transit's measurement of the success of the bus procurement program is limited.
- **Recommendation:** Transit should implement a bus procurement annual retrospective process that includes:
  - Calculating performance measures
  - Developing action plans to improve procurement outcomes
  - Updating performance measures and targets to increase effectiveness

# Transit Bus Procurement

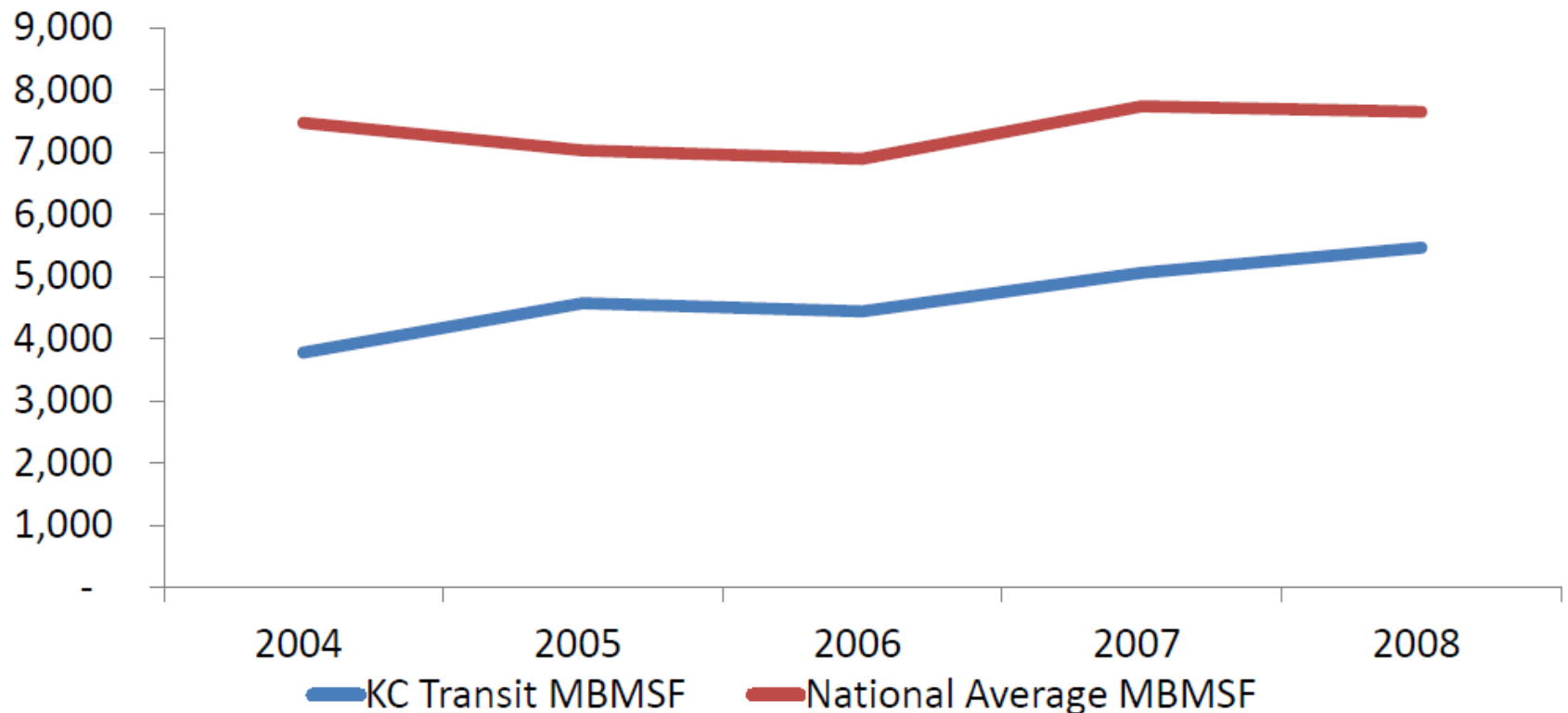
## Recommended Bus Procurement Performance Measures

Category	Recommended Measures
Quality	<ol style="list-style-type: none"><li>1. Total Cost of Warranty</li><li>2. Fleet Defects</li><li><b>3. Miles Between Major System Failures</b></li></ol>
Cost	<ol style="list-style-type: none"><li>4. Purchase Price</li><li>5. Fleet Wide Capital Costs</li></ol>
Timeliness	<ol style="list-style-type: none"><li>6. Timeliness of Entry Into Service</li></ol>

# Example: A Quality Performance Measure

## #3 Miles Between Major System Failures

KC Transit and National Average






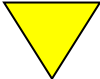

# Leveraging Performance Measurement

Project Name	Agency	Budget Status	Budget at Completion (BAC)	Estimate at Completion (EAC)	Cost Variance at Completion (CVAC)	CVAC %	Schedule Status	Baseline Schedule Duration (BSD)	Estimated Actual Schedule Duration (EASD)	Schedule Variance at Completion (SVAC)	Scope Status
Taxiway Alpha Rehabilitation	Airport Division		\$26,653,337	\$23,860,000	(\$2,793,337)	-10%		808	808	0%	
BOW LAKE RECYCLING & TS	Solid Waste Division		\$91,915,000	\$91,915,000	\$0	0%		1,883	1,883	0%	
North Creek Interceptor	Wastewater Treatment Division		\$56,590,659	\$56,590,659	\$0	0%		1,604	1,604	0%	
WLP Solids Control System Replacement	Wastewater Treatment Division		\$14,493,970	\$14,493,970	\$0	0%		1,125	1,125	0%	
WLP Liquids Control System Replacement	Wastewater Treatment Division		\$17,918,329	\$17,918,329	\$0	0%		1,592	1,541	-3%	
KOCFD Domestic Water Distribution (Repipe)	Facilities Management Division		\$4,601,670	\$5,360,628	\$758,958	16%		1,217	1,309	8%	
DC SHORELINE TERMPKG UNI	Facilities Management Division		\$1,255,655	\$1,536,455	\$280,800	22%		655	1,107	69%	
YOUTH-SPRUCE COMM AND SEC	Facilities Management Division		\$3,161,335	\$3,149,397	(\$11,938)	0%		772	970	26%	
DC Issaquah Terminal and Package Units	Facilities Management Division		\$1,298,134	\$1,971,300	\$673,166	52%		488	747	53%	

# Leveraging Performance Measurement

Budget Status	Budget at Completion (BAC)	Estimate at Completion (EAC)	Cost Variance at Completion (CVAC)	CVAC %	Schedule Status	Baseline Schedule Duration (BSD)	Estimated Actual Schedule Duration (EASD)	Schedule Variance at Completion (SVAC)	Scope Status
	\$26,653,337	\$23,860,000	(\$2,793,337)	-10%		808	808	0%	
	\$31,915,000	\$31,915,000	\$0	0%		1,883	1,883	0%	
	\$56,590,659	\$56,590,659	\$0	0%		1,604	1,604	0%	
	\$14,493,970	\$14,493,970	\$0	0%		1,125	1,125	0%	
	\$17,918,329	\$17,918,329	\$0	0%		1,592	1,541	-3%	
	\$4,601,670	\$5,360,628	\$758,958	16%		1,217	1,309	8%	

# Leveraging Performance Measurement

- Investigate exceptional project performance
  - The bad  = significant variance
  -  = minor variance
  - The good  = on track
- Structured interviews
  - Risks
  - Impacts
  - Lessons Learned
- Assess data reliability

# Leveraging Performance Measurement

- Document findings
  - What contributes to performance issues
  - Examples of effective risk mitigation
  - Differences among county divisions
- Share lessons learned
- Identify effective agency practices
- Revise risk assessment tool

# Conclusions

- Number of ways auditors can improve performance management beyond audits
- Especially important in smaller organizations
- Preserving independence primary concern
- End goal is to create performance management culture

# Questions?



Chantal Stevens, 206-296-0801, [Chantal.Stevens@kingcounty.gov](mailto:Chantal.Stevens@kingcounty.gov)

Tina Rogers, 206-296-0802, [Tina.Rogers@kingcounty.gov](mailto:Tina.Rogers@kingcounty.gov)

Ben Thompson, 206-296-0379, [Ben.Thompson@kingcounty.gov](mailto:Ben.Thompson@kingcounty.gov)