

PUBLIC TESTIMONY SUMMARY

I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

King County Library System Construction Management (May 20, 2009)

As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits
on June 17, 2009

The performance audit being discussed at this hearing was conducted solely and independently by the office of the State Auditor, under the authority of legislation approved by the voters in Initiative 900. The State Auditor is elected directly by the people of the State of Washington and operates independently of the Legislature and the Joint Legislative Audit & Review Committee. Staff to the Joint Legislative Audit & Review Committee prepare a summary of public testimony on State Auditor reports. These summaries are for informational purposes only, and do not serve as an assessment by committee staff of the findings and recommendations issued by the State Auditor nor do they reflect a staff opinion on legislative intent.

Title: King County Library System Construction Management

Audit Scope and Objectives:

This performance audit was designed to answer the following questions:

1. Over the most recent three-year period ending June 30, 2008, has the King County Library System (KCLS) been effective, efficient, and economical at planning, designing, and managing its construction projects and construction contracts?
2. How effective was KCLS at soliciting, procuring, and managing its engineering, consulting, and construction management contracts related to KCLS construction projects in order to minimize costs and maximize the value and quality of services provided?
3. How effective has KCLS been at complying with State and KCLS bidding and procurement requirements?
4. In its 2004 request to taxpayers for capital funding, how effective was the KCLS at communicating true and accurate project cost estimates and scope?
5. If KCLS has not been effective in all of the above performance areas, what are the impacts in terms of past project costs, future utility and building maintenance costs, transparency with citizens, quality and value of services and facilities as well as the distribution of those facilities across the KCLS' service area?

The audit also addressed the nine elements outlined in Initiative 900.

The audit reviewed construction projects funded by the District's 2004 bond, which encompasses 45 projects worth \$178 million. The audit reviews a sample of these projects (\$43 million) based on project stage of completion, size, type of construction, and construction method.

<p>SAO Findings:</p> <p>The audit found that, although performing well for a new construction program, King County Library System needs to better monitor its contracts and contractors. The System should also follow state contracting laws.</p>	<p>SAO Recommendations:</p> <p>The audit includes recommendations to the King County Library System in five issue areas:</p> <ul style="list-style-type: none"> • Policies and procedures; • Change orders; • Estimating; • Procurement; and • Contracting. <p>The audit does not include any recommendations to the Legislature.</p>
<p>Agency Responses in Audit Report?</p>	<p>Yes. There is a management response cover letter in Appendix L, and management responses to specific recommendations are included within the report.</p>
<p>Legislative Action Requested?</p>	<p>No</p>

Agencies Testifying:

The King County Library System (Bill Ptacek, Library Director).

Summary of Testimony from Audited Agencies:

We thank the State Auditor’s Office for its general commendation of the work we have been doing. Library construction is important, and we take this responsibility seriously. However, our primary business is libraries. To this end, for construction we do bring in a lot of outside expertise, a lesson learned from a previous bond experience. We appreciate the ideas generated by the audit. There are extenuating circumstances in some areas. For example, we obtained a legal opinion from our attorney in consultation with others about the allowable use of design-build for libraries. We thought we had the legal authority to proceed. A number of change orders were the result of small cities in east King County that altered their requirements after we already had contracts in place. We do currently use cost-estimators, at the point in the process right before we go out to bid. The audit provided a lot of good information and good direction that can make our program even stronger.

Other Parties Testifying:

(No other parties testified.)

Summary of Testimony from Other Parties:

(No other parties testified.)