



# KING COUNTY AUDITOR'S OFFICE




APRIL 1, 2022

## Follow-up on King County Information Technology Rates

Since mid-2020, the King County Department of Information Technology (KCIT) has been working to overhaul its financial management system to provide greater transparency and control for decision-makers and rate payers. The project aims to modernize financial processes to allow for better analysis and decision-making as well as improve transparency in rates and services as we recommended in our audit. KCIT had hoped the new IT Financial Management (ITFM) system would be ready to build rates for the 2023–24 budget process, but development and configuration took much longer than expected. The ITFM project completion date is May 31, 2022, with targets through the fourth quarter of 2022 for outcomes such as cost modeling and financial forecasting. KCIT expects to use ITFM to bill customers for IT services in 2023.

The methodology for setting rates for the 2023–24 biennium is unchanged. This means that the same issues exist today as the audit found in 2019: KCIT's rate model is complex and cumbersome, masking potential errors and hindering oversight. However, the continuity in methodology for existing costs between the 2021–22 rates and the 2023–24 rates may make them easier to track and understand. KCIT is working with agency finance managers to help them manually vet their IT costs until the new system can provide more access to financial information.

Of the eight audit recommendations:

	4 <b>DONE</b>		4 <b>PROGRESS</b>		0 <b>OPEN</b>
<b>Fully implemented</b> Auditor will no longer monitor.		<b>Partially implemented</b> Auditor will continue to monitor.		<b>Remain unresolved</b> Auditor will continue to monitor.	

Please see details below for implementation status of each recommendation.



### Recommendation 1

On August 3 2020

DONE



### Recommendation 2

On August 3 2020

DONE



### Recommendation 3

PROGRESS



**King County’s Department of Information Technology should update its rate model to reduce complexity and improve consistency, accuracy, and oversight. At a minimum, this effort should include the following elements:**

- a) **reduce the number of calculations and spreadsheets supporting the model**
- b) **provide templates to rate model contributors for how to structure the calculations.**

STATUS UPDATE: KCIT worked with a vendor in 2021 and early 2022 to build the new ITFM system using the hundreds of Microsoft Excel worksheets that make up its rate model. KCIT hired a temporary employee to learn how the vendor’s engine works so that they can understand the methodology behind constructing the new rate model and how to best adapt it to King County’s needs. KCIT is currently in the testing phase to make sure all the information interacts correctly in the new system. Once finished, the ITFM system will be able to map the costs that drive IT rates so that users can better understand their rates and identify opportunities for cost savings.

WHAT REMAINS: To complete this recommendation, KCIT needs to finish the ITFM project and test it with the 2023–24 rates to ensure that it delivers increased consistency, accuracy, and transparency; work out any issues prior to the 2025–26 rate development process; and train rate model contributors on how to work in the new system.

### Recommendation 4

PROGRESS



**King County’s Department of Information Technology update of the rate model should include an assumptions page to improve visibility to policymakers and facilitate alternatives analysis.**

STATUS UPDATE: KCIT is building its new ITFM system to include alternatives analysis and cost modeling tools that will help agencies make good decisions about their technology investments. Part of the reason for the project is to enable efficient what-if analysis: KCIT currently does not have an effective system/tool to provide various financial analysis of the IT costs. This manual system using Microsoft Excel worksheets are labor intensive and time-consuming. KCIT stated that the new system will be able to provide reliable information to decision-makers quickly and easily. KCIT is targeting cost modeling, rate development, and what-if scenario capacity for June 1, 2022.

WHAT REMAINS: To complete this recommendation, KCIT needs to finish the ITFM project and test the alternatives analysis tools.

## Recommendation 5

PROGRESS



**King County’s Department of Information Technology and the Office of Performance, Strategy and Budget should work together to ensure the updated rate model has clear assumptions and is reviewed prior to approval.**

STATUS UPDATE: KCIT included PSB’s input in the requirements gathering process for its new financial management system. Among PSB’s requests were the ability to drill down to the cost elements, the ability to compare one biennium to another and understand the difference, and use of what-if scenarios to help make decisions on rate changes and the effect of these on the County.

WHAT REMAINS: To complete this recommendation, KCIT needs to work with PSB to identify areas that remain unclear in the updated rate model in the ITFM and take any necessary steps to daylight assumptions in time for PSB to conduct adequate review prior to the 2025–26 proforma budget.

## Recommendation 6

PROGRESS



**King County’s Department of Information Technology should develop, document, and implement a plan to increase the accuracy of its process to count workstations.**

STATUS UPDATE: KCIT published an Asset Management Policy in February 2021 and put it into practice using its existing IT Service Management tool, Cherwell, that counts hardware assets. KCIT is currently developing a process to combine data from multiple sources (including Cherwell) to automatically discover and assign assets to users and departments, with automated billing and near real-time reporting for departments and KCIT Finance. The new process will feed into the ITFM to generate rates. KCIT expects this process to be operational in the second quarter of 2022.

WHAT REMAINS: To complete this recommendation, KCIT should finish developing and begin implementing its process to increase workstation count accuracy as part of its automated asset management system.

## Recommendation 7

On August 3 2020

DONE



## Recommendation 8

On August 3 2020

DONE



Luc Poon conducted this review. If you have any questions or would like more information, please contact the King County Auditor’s Office at [KCAO@KingCounty.gov](mailto:KCAO@KingCounty.gov) or 206-477-1033.