



STERLING  
ASSOCIATES, LLP

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November 22, 2004

Mr. Matt Temmel  
Performance Audit Coordinator  
Pierce County  
County-City Building  
Room 302  
955 Tacoma Avenue South  
Tacoma, WA 98402

**Information Services Department**  
**Performance Audit Survey**  
**Final Report**

Dear Mr. Temmel:

Sterling Associates, LLP was retained by the Performance Audit Committee in June of this year to conduct a performance audit survey of Pierce County's information technology in preparation for a comprehensive study in 2005, in accordance with the County's performance audit Charter mandate. Over the past several months, we have reviewed relevant documents, conducted interviews with 23 individuals from ISD and other county departments, and conducted a work session with the Performance Audit Committee in August.

We have concluded our survey of ISD and are presenting our findings, conclusions and recommendations. This letter summarizes these results. A separate presentation package entitled, "Information Services Department Performance Audit Survey Final Report," accompanies this document.

**Scope and Objectives**

The purpose of this performance audit survey was to determine whether a full performance audit of ISD was warranted and would produce benefits that exceed the costs of a full audit. The scope of this survey was limited to the functions and services provided by the Information Services Department to county departments. The specific objectives of this survey were:

- To conduct a performance audit survey of the County's information technology in preparation for a comprehensive study in 2005, in accordance with the County's performance audit Charter mandate;
- To determine focus areas that would benefit from a performance audit;
- To identify potential performance audit criteria;
- To estimate the costs and benefits of a full performance audit;

- To identify findings, conclusions and recommendations; and
- To present the results to the Performance Audit Committee

### **Digest of Findings**

Pierce County has made substantial investments in information technology over the years. These investments have paid substantial dividends in terms of:

- Improving responsiveness to the public,
- Enhancing the efficiency of services,
- Integrating numerous county functions,
- Ensuring accountability, and
- Raising the County's reputation among peers.

Unlike other governmental jurisdictions, the County has not had catastrophic system development failures. The Information Services Department receives high marks from client departments in terms of leadership, innovation, customer service, and reliability. Furthermore, Pierce County has received recognition and awards for many of the systems it has developed.

Yet, improvement opportunities exist. First, there is no integration between the strategic information technology plans and the County's budgeting cycles. Second, more attention is needed on helping individual departments with strategic information technology plans. Third, most client departments expressed frustration with:

- Understanding their ISD charges,
- Estimating future costs,
- Controlling ISD charges,
- Competing for information technology staff hours, and
- Budgeting for equipment replacement.

Fourth, systems development project management practices are not standardized or formalized. Fifth, client departments consistently ask for more ISD support. Additional improvement opportunities are included in the final report.

Three performance audit scope options for the Information Services Department were evaluated:

- Option #1 – Audit performance against the Strategic Information Technology Plan.
- Option #2 – Audit performance against adopted performance measures.
- Option #3 – Audit performance against the Software Engineering Institute's "Capability Maturity Model."

At the direction of the Performance Audit Committee, a "return on investment" or cost/benefit analysis was performed for each of these options. As a result of our analysis, we do not believe that the benefits of any of these options would exceed the costs. While a number of improvement opportunities have been identified, as discussed above, we believe these can be made without incurring the costs of a full performance audit.



## **Recommendations**

As a result of our performance audit survey, we are offering three recommendations to the Performance Audit Committee:

- ✓ Recommendation #1: *Do not conduct a full performance audit of Pierce County's information technology.*
  - ❑ The results of this performance audit survey do not provide sufficient grounds to merit a full performance audit at this time.
  - ❑ The costs and time associated with various options outweigh the benefits of a full performance audit.
  - ❑ We believe the County would receive greater value from performance audits of other departments, programs, functions or issues.
  - ❑ This recommendation is consistent with the policies, guidelines and practices used by the Government Accountability Office (GAO) for evaluating the merits of conducting performance audits.
- ✓ Recommendation #2: *Request the Information Services Department to address the improvement opportunities identified during the performance audit survey.*
  - ❑ This should include a corrective action plan and an implementation status reporting process back to the Performance Audit Committee starting in 2005.
- ✓ Recommendation #3: *Request the Budget and Finance Department to explore means for integrating strategic information technology plans and budgeting processes.*
  - ❑ This should include: (a) process improvements, (b) performance reporting and accountability improvements, and (c) implementation status reporting back to the Performance Audit Committee.

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It has been our pleasure to assist you and the Performance Audit Committee during this survey. As I have said to you and the Performance Audit Committee, we are frequently asked to review an organization's information technology program when it is in trouble. This has not been the case with Pierce County's information technology program. In fact, we believe that the County should be proud of its information technology achievements and should appreciate the outstanding leadership and staff support provided by the Information Services Department.

If you or members of the Performance Audit Committee have any questions, please feel free to contact me directly.

Sincerely,



Barry Rau  
Senior Partner

