



Office of Multnomah County Auditor

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Date: February 9, 2017

To: Chair Kafoury, Commissioners Meieran, Smith, Vega Pederson, & Stegmann;
COO Madrigal; Strategic Capital Planning Director Yates

From: Steve March, County Auditor

Re: Audit of Central Courthouse and Health Department Headquarters Construction
Project Planning

This pair of audits covers the planning efforts for two of the largest building construction projects Multnomah County has ever undertaken. Most audits look back at a completed project or program that has been operating; however, given the size and significance of these two projects, we did not want to wait until the projects were completed before starting our reviews. We will continue to audit these projects as they progress because we believe that reporting on more of a real-time basis can be more effective and will better inform the Board and the public.

The Central Courthouse and Health Department Headquarters projects have a combined budget of nearly \$400 million and represent two very prominent projects pursued by the County. We focused on two areas that pose significant risks to construction projects of this size: project governance and decision making and the process used to decide on the project scope that best meet objectives.

To give these projects the greatest chances for success, we believe that they should be organized and planned using best practices in project management. We found that the projects were following these best practices, in spite of the fact that there has not been Countywide guidance on how capital projects should be managed.

The County appears to be moving in the right direction in terms of strategic capital planning in an era of tight funding and a long list of capital needs. We support the efforts

to develop a transparent and consistent process for prioritizing capital spending where none existed before (see our 2015 audit, *Capital Financing & Planning*). Moreover, whether incorporated into existing County procedures or included in new guidelines, the County needs to foster consistency in project management by building project management best practices into its administrative procedures.

We would like to thank the projects' staffs, the staff of Facilities and Property Management, and the Strategic Capital Planning Committee and staff for their ongoing assistance and cooperation. Success of these and future capital building projects will depend on the cooperation and collaboration of all of those involved. Audit staff on these two reports were Fran Davison, Jennifer McGuirk, Marc Rose, and Mark Ulanowicz.

C: Presiding Judge Waller, DCA Director Swackhamer, HD Director Fuller, FPM Director Alaman, CFO Campbell