

# Capital Project Planning Follow-Up Audit

## Why this audit is important

Capital projects typically involve large projects and have a direct impact on a government’s ability to provide services and programs. Metro develops a five year plan for capital projects called the capital improvement plan (CIP). A 2016 audit of capital project planning found Metro’s management of capital projects was ad-hoc. The management environment allowed some projects to move forward without proper planning or budget approval. This increased the risk of unauthorized spending. The audit made five recommendations. Since the audit, Metro created the Asset Management and Capital Planning (AMCP) program. The program was tasked with implementing the audit recommendations.



Source: River Island Natural Area Restoration Project from 2016 Parks and Nature System Plan

## What we found

We found Metro improved its capital planning and budgeting. It made progress on all of the recommendations and fully implemented one. A sample of projects showed Metro followed its policy and project management guidance in most cases. Metro made efforts to improve project cost estimates. It also improved the completeness of both the FY 2017-18 capital budget and project reporting. It implemented the recommendation to outline a policy and process to determine if natural area restoration projects are capital projects. It also made changes to better align projects funded with the voter-approved Parks and Natural Areas Local Option Levy (Levy) with the CIP.

However, there was work remaining to comply with Metro’s Capital Asset Management Policy and ensure the accuracy and completeness of Metro’s budget, reports and plans. Metro should determine how non-construction projects fit into the agency’s capital planning process, and which requirements should apply to those projects. To improve accountability, Metro also needs to increase reporting about project scopes and schedules. Better alignment between the Levy work plan and the CIP showed significant improvement that should be continued in future budget cycles to fully implement the recommendation.

## Status of 2016 audit recommendations

Recommendation	Status
1. Ensure capital planning policies and project management guidance are followed to: <ul style="list-style-type: none"> <li>a. improve the accuracy of project cost estimates;</li> <li>b. document approval of project plans;</li> <li>c. document approval of project budgets; and</li> <li>d. document approval of revised project budgets.</li> </ul>	In process
2. Improve completeness and accuracy of the capital budget by updating it periodically during the year when new projects are approved or existing project budgets exceed established thresholds.	In process
3. Increase accountability by improving the twice-yearly capital project monitoring report to provide accurate information about the scope, schedule and budget for each capital project.	In process
4. Establish a policy and a process to determine if restoration projects are capital projects.	Implemented
5. Align the Levy work plan approval and updating processes with Metro’s capital budget processes to create consistent scopes of work, budgets and schedules for projects.	In process

Source: Metro Auditor’s office analysis

## Areas for further consideration

We noted areas for further consideration. First, ensuring that policies, guidance and procedures are consistently applied to all capital projects will help lower risk. Second, in order to use the CIP as a long term plan, Metro will need to accomplish more projects in the time frame they are originally planned. Otherwise, carrying projects forward makes long-term planning more difficult. Lastly, Metro will need to manage the scope of the AMCP program. Giving the program too many responsibilities could overwhelm it.