

MOSS ADAMS

**Department of Information Services  
Rate Model, Governance Process and  
Communications Performance Audit**



April 9, 2010

Moss Adams LLP  
999 Third Avenue, Suite 2800  
Seattle, Washington 98104-4019  
(206) 302-6500

# TABLE OF CONTENTS

I.	Executive Summary .....	1
II.	Background and Scope.....	3
III.	Commendations .....	5
IV.	Assessment.....	6
	A. Rate Model.....	6
	B. Governance Process.....	13
	C. Communications .....	25
	Appendix A – Rate Model Alternatives.....	37
	Appendix B – DIS Services and Metrics Consolidation Matrix .....	39
	Appendix C – Existing DIS Process Flows .....	41

# I. EXECUTIVE SUMMARY

Snohomish County is the state's third largest county government with 2009 revenues of approximately \$668 million and employing 3,000 personnel. The Department of Information Services (DIS or Department) is the County's primary technology provider, servicing every facet of government. To support its mission, the Department employs over 100 personnel offering 36 services ranging from email to applications processing to disaster recovery and prevention.

With a relatively new DIS Director and expanding requests for services, many aspects of the DIS organizational structure and business practices are in process of changing to meet the ever increasing need for information. Like most County departments, DIS is assessing how to balance its mission of service delivery alongside declining budgets. The current mission of DIS is:

“To deliver business services that empower and support other County departments in the accomplishment of their respective missions.”

In November 2009, the County Council initiated a performance audit project to address three specific areas of technology services. The performance audit was prompted by challenges amongst the stakeholders related to DIS administration and service delivery. The three areas include DIS 1) rate model, 2) governance process and 3) communications.

Based upon input from key stakeholders from around the County including the Council, Elected Offices, Executive Departments and DIS, numerous issues were identified for improvement. Some of these issues will be easy to correct while others will be more challenging.

We summarize the performance audit findings as follows. First, the DIS rate model structure and corresponding processes are generally considered to be industry standard. The model is also detailed and consumes significant time and resources to administer. There are two key alternatives that could improve this situation including model modification or replacement. We recommend simplifying the model to include fewer service categories and metrics. Second, DIS governance processes are continuing to be strengthened over a multi-year period to embrace best practices. Processes are considered to be a work-in-process and are not yet completed. Dysfunctional communications amongst stakeholder groups are directly affecting governance. It is time to update and streamline processes and finish development. Third, communications are frustrating the County's service delivery efforts. Much can be accomplished in short order to improve communications, starting with the “tone at the top.”

Below we present five overarching themes that aggregate performance audit findings together to provide the Council, Elected Offices, Executive Management, DIS and other departmental leaders a means to focus on key issues. Addressing key issues will move the County forward in terms of efficiency and effectiveness. Overarching themes include:

- **DIS has implemented a process intensive business model.** While DIS is appropriately working to implement best business practices within the County's business model, there is a lot of bureaucracy building. We encourage structure, but recommend keeping it simple. Project approvals, status reporting, and selection are representative processes that require clarification.

- **Communications between DIS and customers are strained and require significant attention.** Most parties agree with this premise. Communications focus on people and their working relationships and there is no doubt that this is the most important theme of this study. If communications are improved, the rate model and other processes will likely improve also, even if no other changes occur. County organization and management styles are at the center of this issue.
- **The IT function is focusing heavily on technical advancements, but is lacking attention to some important aspects of the systems development lifecycle and ongoing change management.** There are many good technology ideas and projects being pursued at the County. While the concepts are sound, execution is heavily focused on the technical aspects of change, and not enough on the people side of the business. We recommend that service delivery be improved in tandem with change management.
- **The approach and pace of change is exacerbating both DIS employee and customer frustration levels.** Change is continuing on many important fronts. Significant representative DIS changes are occurring with processes, infrastructure, and organization. These changes are affecting both DIS personnel and customer service.
- **IT resources are limited in terms of people and funding.** As priorities are being set, this resource limitation is causing frustration as not all departmental needs are being met. The County's approach to project prioritization requires adjustment to better manage resource allocation for the enterprise. Increased stakeholder involvement will help build support and consensus for the required tough decisions ahead.

When stepping back for a moment, and putting the performance audit in perspective, it is clear that the people side of the business is disconnected and not working at acceptable levels. The situation permeates daily business such that most stakeholders recognize the problem, and desire to have something done about it.

A particularly noteworthy issue encountered on this study is the widely different views held by Executive Departments and Elected Offices. Regarding governance, process and communications, there is a bright line between the views regarding DIS performance. Executive Department feedback generally stated that "everything is fine", while the Elected Offices stated that something is amiss with DIS service delivery and performance. The difference between the views is pronounced. In our experience, the level of disparity is unusual, and because of this, the solution to correct this situation requires special attention.

The remainder of this report provides context and detail around these themes, with findings and recommendations tied specifically to the three study components.

Subsequent to a departmental response, follow-up will be key to ensuring action. The County's performance audit process should now move to establish a follow-up structure to track recommendation implementation and impact.

## II. BACKGROUND AND SCOPE

Operating under authority established in the Snohomish County Charter and the Snohomish County Code, the Office of County Performance Auditor is responsible for conducting performance audits that objectively and independently promote effective, efficient and accountable County government by supporting positive practices and making recommendations to enhance the performance of County operations. In 2009, the Office determined that the most effective approach to accomplishing this responsibility was to obtain contract services to complete the performance audit identified by the Office, and was recommended to the Council by the Performance Audit Advisory Committee.

In 2009, the County Council approved an audit plan that included a performance audit of the Department of Information Services. The audit focused on the Department's methodology and process for recovering costs, the governance process that includes control decision making, and the communication strategies and processes to ensure that County departments and the DIS staff are aware of the Department's work efforts.

Moss Adams LLP was engaged to complete a performance audit of the above process and provide a report to the Office of County Performance Auditor detailing our findings and recommendations. Numerous important questions were posed at the onset of the audit related to the three project components.

First, does the DIS cost recovery model:

- Ensure the recovery of the full cost of technology services provided by DIS?
- Meet all legal criteria and GASB requirements for internal service rate recovery models?
- Include a methodology that is simple, understandable, and transparent to users?
- Provide opportunities within the process for users to make changes in business practices and processes that impact their technology costs?

Second, related to IT service delivery and governance, are technology projects for new development, major maintenance and purchased software upgrades:

- Selected in accordance with a structured process that includes consideration of priorities to meet critical deadlines, input by stakeholders including separately Elected Offices, anticipated project costs, return on investment, or other business case analysis tools?
- Allowed to go through a structured appeals process after being rejected?
- Subjected to review that ensures critical or emergent projects are elevated to appropriate levels to ensure risks associated with the emergency are avoided?
- Monitored in a manner that clearly displays budget versus actual costs and quickly identifies projects that are experiencing budget or schedule challenges?
- Managed in a manner that ensures clear understanding of the progress and budget management of the project?

Third, are communications between IT service providers and users and within DIS appropriate to:

- Ensuring all stakeholders are aware of the schedule, orientation and training, required changes in business processes and resulting impacts of technology changes?
- Promoting and fostering two-way communication between service providers and users to ensure timely deployment of critical information through multiple channels?
- Ensuring that DIS strategies and objectives are clearly understood by DIS staff?
- Ensuring that Department personnel can raise critical or emergent information to DIS management and receive timely responses?

The performance audit process followed a phased approach to address the above questions. As discussed and agreed, Moss Adams conducted this audit in three phases for each of the three components identified in the County's RFQ. The three phases included fact finding, analysis, and reporting. Each phase was conducted in accordance with industry standards. All three phases were to be conducted in parallel for efficiency and timing purposes.

The basis for the DIS cost recovery model evaluation was tied to standard government cost allocation methodologies. In this process, we assessed relevant cost components that should be included in a standard IT cost model. Such costs were accounted for in the DIS rate model framework and were reviewed for total costs and pooling costs as derived from the County's financial system.

Moss Adams' methodology related to evaluating IT service delivery and IT governance used a review framework from the IT Governance Institute Val IT initiative. This initiative defines processes in three domains including (1) value governance, (2) portfolio management, and (3) investment management. We utilized relevant parts of this framework for the IT governance assessment, and also ITIL related to service delivery evaluation under service strategy, design, transition, and operations. Important aspects of the County service delivery evaluation included a review of needs, solution design, planning, and delivery.

Our communications evaluation was structured to critique change management. We followed a Moss Adams communication methodology, which draws from relevant aspects of ITIL.

Once the evaluation of components 1, 2, and 3 were finalized, we consolidated all three into this final report. This process included defining objectives, scope and methodology and the audit results, including findings and recommendations.

The performance audit fact finding process was conducted from November 2009 through January 2010, and facts in this report are valid as of January 2010. This timeline is important to recognize as the County operates in a dynamic environment, with changes made to the business model on an ongoing basis.

### III. COMMENDATIONS

---

The purpose of the performance audit was to focus on known areas where improvements can be achieved. The focus identified many issues that are considered sensitive to DIS and the other departments. Under the premise that performance auditing should look for constructive change, we recommend that County stakeholders also recognize the many positive attributes of DIS particular to the three components studied. Relevant commendations include that DIS:

- Tracks budgets and associated costs in detail.
- Is in the process of strengthening some aspects of reporting to stakeholders.
- Is embracing relevant standard technology service delivery methodology through Information Technology Infrastructure Library (ITIL).
- Includes frontline personnel who are recognized as being hard working, helpful and committed.
- Is attempting to update and streamline some relevant governance processes.
- Has personnel who are working hard to juggle multiple demands and priorities in this process.
- Is promoting business ideas that will help push the County technically forward.
- Is in the process of implementing an organizational structure that has the potential to improve efficiency.

## IV. ASSESSMENT

Section IV of this report provides an evaluation of the three study components, including the rate model, governance processes and communications. An initial introductory assessment is provided prior to providing specific findings and recommendations.

### A. Rate Model

The purpose of the DIS rate model is to allocate Departmental technology costs to other County departments to cover the costs of doing business. Because DIS is a service provider to other departments, it has limited direct revenues and relies on other departments to fund its operations conducted on their behalf. Because DIS works for other departments, it is appropriate and even essential to recover funds to pay for needed infrastructure and services.

The DIS rate model generally follows conventional methodology. Fundamental components of the DIS rate model include:

• Cost categories (services):	Where like services are grouped and tracked
• Cost bases (metrics):	Used to apportion costs to business units
• Financials:	Budgeted and actual costs used to calculate allocations

The County's rate model has all three of these components. With that said, the County's model can be improved in several ways. Most organizations' rate models have tradeoffs and Snohomish County's model is no different. The model is detailed and this adds an element of complexity to administration. As a result of this complexity, the model is difficult to understand.

A primary question about the model is whether the model allocates funds fairly. The principle of "fully allocated costs" is used by Snohomish County to share costs appropriately. It should be recognized that cost allocation processes require that judgment be applied to particular circumstances. Because of judgment, several different cost allocation techniques could be used to produce cost estimates. The principle underlying fully allocated cost analysis is to track total costs as attributed to particular and relevant services, and account for them accordingly. The County's DIS fully allocated cost model includes:

- Direct costs of labor, capital, and other material resources used exclusively to develop, implement, operate, and maintain technology, including variable and direct costs tied to a department, and
- A portion of the shared costs of labor, capital, and other material resources used to provide the range of services and foundation required to operate the County's enterprise technology and corresponding organization, including fixed facility and administrative costs.

The annual modeling process is conducted over an extended period, starting in the fall and being completed in the spring, to establish rates for the following fiscal year. The model is delivered in June and submitted to Council in the Executive's proposed budget.

Compared to the rate model structure, the corresponding administrative processes surrounding model development are less clear to customer departments. Both DIS and the departments need to work more closely together to address this issue. In short, processes require more structure, documentation must be simplified, and communication between the parties must increase.

The process surrounding model development is directly tied into the County's annual budgeting process. Annually:

- The lead analyst develops a budget for the forthcoming year
- Both capital and operating expenditures are forecasted
- Budget numbers are based upon prior year's actuals and revised for pending changes coming in the new year
- Available revenues are included to offset expected expenditures
- Fund balances are used to reduce costs upon planned rates of expenditures
- Rates are calculated and included in the budget

We conclude that the rate model generally follows conventional business practice. With that said, the rate model is complex, and contributes to a lack of understanding of how it works. Model revisions could improve the County's business and the modeling process could be made more efficient.

We also fully recognize that any significant model changes could shift the balance of costs being paid by the departments and affect the general fund. Any pending model changes should be fully scrutinized before being made. The County also needs to make sure that no one fund benefits another. We recommend proceeding cautiously on behalf of all departments, as new algorithms could shift what specific departments are paying and recommend that "what-if" modeling proceed prior to major changes being rolled out.

## Findings and Recommendations

### 1. Finding: DIS has established specific rate model goals to guide the process.

Like any conventional rate model process, DIS has appropriately defined numerous goals to support cost allocation and recovery. Such goals have been published including:

- Internal service fund recovery
- Rate consistency
- Fair and equitable allocations
- Balanced efficiency and process
- Transparency
- Sound decision making support

The above goals drive the County's current process and are mostly achieved. In comparison to best practice cost allocation, there are other goals that are missing and could be used to strengthen the process.

**Recommendation: Consider expanding the DIS rate model goals to guide development and ongoing operations.**

A number of additional goals will help the County better allocate costs and communicate costs to departments. The additional goals will help DIS and the departments establish a stronger common understanding of the process, improve communication, and ultimately strengthen relationships and customer service. Goals that should be considered include:

- Maintain stable operations cash flow and fiscal control
- Balance operating versus capital expenditures
- Promote a long-term perspective
- Keep in mind the best interests of the entire County
- Account for costs in the proper place
- Comply with applicable state and federal guidelines
- Build a rate model that can be maintained relatively easily
- Achieve departmental acceptance and understanding of the plan

Please note that the above goals will help bridge the communications gap that exists between stakeholders, as well as promote efficiency.

**2. Finding: The current DIS rate model is detailed in structure.**

The "detailed" assessment is easily derived by accounting for the large number of DIS services, model metrics, and spreadsheet complexity, all of which consume significant time to administer. In total there are 36 services, 63 metrics, and over 4,000 lines of spreadsheet code. By any measure, this is a significant amount of detail to oversee.

The true test of rate model efficiency may be determined by examining the amount of time required to update, track, analyze, report and reconcile data, as well as administer cost allocation and recovery processes effectively. DIS analysts indicate that annual model administration consumes about three months of elapsed time. Many other personnel are also involved in both DIS and within other departments, spending hundreds of hours each year dealing with many of the same processes (providing input, analyzing numbers, and reporting).

**Recommendation: Simplify the level of detail contained in the rate model.**

The County has an opportunity to simplify the model within the existing framework. The reasoning to pursue simplification is tied to saving time in development, maintenance, and administration. It is estimated that from one-fourth to one-half of the time could potentially be saved annually if the model were simplified (depending upon the scope of simplification). For efficiency purposes, we recommend restructuring the model to reduce the level of detail handled. We estimate that over one-third of services

could be combined, and that the same number of metrics could be combined. Metrics may be combined even if services are not combined. The benefit of doing this is multifaceted, including reducing the amount of time involved in the process and increasing understanding. As a start, the process should examine each service and metric to determine its contribution to meeting the specific goals of the rate model.

It should also be noted that model simplification will not resolve all issues that the County is facing. Noteworthy issues that could continue include:

- Perceptions of unfairness
- Complaints about having to pay for overhead without enough corresponding benefits obtained from DIS
- Not having sufficient input to DIS operations and projects

**3. Finding: Specific complaints about the DIS rate model have less to do with the model structure, and more to do with budgets, priorities, and resource consumption.**

Departments do not have all the necessary information available to fully understand ongoing DIS operations. Although the model is the mechanism under which County DIS costs are tracked, many concerns voiced in this study are fundamentally tied to expenditure levels associated with building and operating technical infrastructure, employing staff and vendors, and running capital projects.

Currently, DIS has a budget of about \$18.5 million annually. Of this amount roughly \$10 million is in labor and benefits; \$5 million in maintenance and repair; \$1.5 million in departmental interfund, training, supplies, and miscellaneous; and \$2 million in other services and products (like printing). To pay for such services, DIS obtains revenues from rates and rebills. Currently, approximately \$15 million is coming in via rates and \$2 million from rebilling. The remaining “revenues to cover expenditures” are being subsidized from existing fund balances. This budget is not totally understood by the customer base. Additionally, study input clearly suggests that many customers do not believe that they are getting full value for this money.

**Recommendation: Conduct additional analysis regarding operating and capital expenditures, and publish the results.**

Budget analysis occurs annually regarding the costs of doing business. Not all of this information is explained to customers. Such analysis, including the current 2010 efforts, looks to contain and control expenditures. To ensure that costs are in line with market standards, further published analysis will do much to alleviate customer concerns. An outcome of this analysis could be cost cuts and/or departmental reallocations. To ensure that costs are not cut in critical areas, the budget analysis should be transparent and involve customers. If cuts are necessary, this process will allow for the least amount of disruption. It should also be recognized that any significant cost reductions could well impact DIS service levels and capital projects.

**4. Finding: There is a misconception among customers that if direct costs are cut, a corresponding reduction in rates will occur.**

There is a misconception among numerous DIS customers that if direct costs are cut in a particular service area, dollar-for-dollar reduction in rates will occur. While the concept of dollar-for-dollar rate reduction makes sense on the surface, the reality is that existing overhead remains and must be accounted for. In many cases, when expenditures are cut in a particular area, there is remaining overhead to cover. This overhead has to be paid by the remaining customers, and costs distributed over fewer bases. Such is the case in the current “Blackberry” discussion where customers assumed that by eliminating Blackberries a corresponding cost reduction would occur. Significant rate reductions can only be achieved if cost categories are heavily reduced or eliminated altogether. Even if cuts are dramatic, many costs will remain, including important systems, maintenance fees, licenses, and required staffing.

**Recommendation: Increase the level of education delivered to departments regarding how the DIS rate model works.**

DIS is operating the rate model in most respects conventionally. However, many customers do not recognize this, and feel the model is a “black box” operationally. If education is increased through materials and meetings, many questions will be answered. Should the County implement this recommendation, ample preparation should occur, materials should be presented in a simple format, and DIS Managers and Business Analysts should be involved in the process. Additionally, as noted above, if the County proceeds with model simplification, educating departments will be even easier to accomplish.

**5. Finding: The County’s rate setting methodology is based upon cost estimates.**

While this process is completely acceptable, it does not fully account for actual expenditures. The County does not routinely conduct a detailed formal comparison of budget versus actual expenditures. Because budgets naturally vary somewhat, rates are not as accurate as they could be, and fund balances build up as a result.

**Recommendation: Consider making adjustments to rates and/or fund balances when appropriate.**

One of the ways to “true up the numbers” will be to determine if budgets and rates are significantly on or off the mark. If out of an acceptable range, DIS can readjust rates and/or balances by:

- Recalculating rates by accounting for true rates of expenditures
- Rebating funds back and forth to customers

The adjustment process has not been widely used at the County. If pursued, the County should be extremely careful so as not to impact ongoing DIS programs and projects, or hinder the ability to operate the business.

**6. Finding: DIS fund balances are being maintained in two funds including current year (505) and multiyear expenses (305), and are directly accounted for in rate model calculations.**

The rate model process establishes targets for reserves as maintained in fund balances. Current reserves are set based upon plans, but are often not fully tapped during a given year due to changes in plans and rates of expenditure. The disparity in budget versus actual expenditures has resulted in some confusion among customers. This is partially because fund management has not been fully transparent throughout the year.

**Recommendation: Analyze fund balances annually with the help of the customer base.**

To ensure that accurate amounts are being accrued, fund balances should be analyzed and tied to forecasted amounts. It may also be possible to manage fund balances more actively on a “pay-as-you-go” basis. This approach will appropriately separate management of operating and capital expenditures. Improved annual planning should include department managers, and will help to reduce tensions. Involving stakeholders upfront will help keep costs and rates user driven.

This process suggests that expenditure forecasts should occur to re-estimate needs based upon changing assumptions. If forecasts are higher (and agreed to), fund balances and metrics should go up. If forecasts are lower, fund balances could go down and rates lowered accordingly. Setting agreed upon ranges would also help manage fund balances and alleviate concerns regarding fund balance build-ups. Regardless of what changes occur to these funds in the short term, fund balances must be maintained at reasonable levels over the long-term to meet capital commitments, and as such, must be carefully managed.

**7. Finding: None of the services in the model are billed directly to departments.**

DIS costs include both direct and indirect components. Both are combined in the rate model for subsequent recovery purposes. This approach is completely acceptable. While conventional, the direct costs could be directly billed to customer departments. There are alternative means to account for and pay for such charges.

**Recommendation: Consider direct billings to departments for some relevant IT services in lieu of including in the rate model.**

Numerous DIS services could be directly billed to departments. We recommend the County further study the following types of services for direct billing:

- Software applications
- Training
- Print and copy
- Specific projects

The benefits of direct billings are twofold. First, to allocate costs immediately and directly to those departments that directly benefit from such services. Second, to further streamline rate model administration and recovery processes, thus increasing process efficiency and model administration. Caution should be taken when analyzing any of these pending changes to avoid making changes to customers that would inappropriately burden them in a new structure.

**8. Finding: The present approach to rolling out DIS allocations is accomplished via an annual memorandum and through customer data review during the modeling process.**

Once per year, annually during the budget cycle, DIS conducts an updated modeling exercise. Concentration is placed on data analysis and rate setting. This model is assembled by a DIS Fiscal Analyst and supported by Budget Office Analysts. The model rollout lacks full scale customer involvement. Missing is a communication program to broadcast the process, kick off the process, explain the model, manage the schedule, etc.

It should be noted that analysts are available to answer questions if time is requested. Aside from the memorandum, no other communications are proactively scheduled for input, draft rollout, or final model distribution. From there, the model rolls up into the Countywide budget process, and is delivered to the Council.

**Recommendation: Develop new customer documents, and conduct additional meetings to explain how the rate model works.**

Because the DIS rate model affects departmental budgets in a significant way, some improved communications are in order. Consideration should be given to adding both verbal and written formats. Best practice service delivery will include customer touch points at the beginning and end of the process at a minimum, with ample time for input and answering questions.

**9. Finding: The DIS rate model is not fully supported by technical documentation.**

As discussed previously, the current rate model is complicated, contains significant amounts of data, and impacts customer budgets. In the area of customer documentation, technical documentation may also be improved. Documentation is limited to support training, model administration and backup as needed (e.g., in times of turnover). Current staff operating the model are bright and generally operate the model as it has been operated in the past. This means that current staff can intuitively learn the model structure even though this is not efficient.

**Recommendation: Develop additional technical documentation for model administration, training, support, development and backup purposes.**

We recommend that abbreviated technical documentation be developed. Such documentation should be developed to 1) support customers, explaining how it operates, 2) provide instructions to model assemblers, and 3) help support changes to the model. Knowing that time is limited to develop documentation, the documentation may be completed as work on the model proceeds on an ongoing basis. Technical model documentation could be embedded within the Excel spreadsheet.

## B. Governance Process

In the two years since new DIS management was hired, much has been accomplished regarding DIS process development. Processes have been designed around the standard ITIL methodology, and an overarching process design has been established with supporting documentation put into place. Such processes are published in the DIS project management processes document and are being followed by DIS personnel.

These new processes provide a set of guidelines to follow regarding technology project management and provide a flexible “framework.” We view these processes as a good start, but not yet being fully complete. Processes are in different states of development, with workflow being well defined in numerous cases, over defined in others, and sometimes missing in still others.

Processes affect both DIS personnel and customers. Too often, existing processes are being perceived as cumbersome to use, resulting in unnecessary bureaucracy. Both DIS personnel and customer departments have stated as much. Based upon our review of existing processes we concur that numerous processes can be simplified.

The scope of this section of the performance audit is specific to five particular DIS governance processes identified in the County’s Request for Proposal. These processes included:

1. Project origination
2. Originating/selecting projects for implementation
3. Project management
4. Governance
5. Project cost recovery

This study did not address County technology or DIS governance beyond the above. Technology governance by definition typically covers broader territory including overall oversight, policy, strategy, performance, and decision making on a much broader scale. While general governance has not been included in the scope of this study, it was partially addressed in the communications section of this report. We further recommend the County expand its discussion regarding technology governance in due course.

The following findings and recommendations identify issues that require recognition, including both process strengths and weaknesses. Strong processes will require further support and implementation, while weak processes will require further development.

## Findings and Recommendations

### 1. Finding: Survey results indicate that “checklist” IT processes are “unfriendly” to the customer base.

DIS customers are making the case that some IT governance processes are too cumbersome. This is confirmed via survey results produced during this study. The same information was also confirmed through interviews conducted with key personnel within the departments. The County upgraded its technology project management methodology in 2008. DIS led the effort to strengthen business practices throughout the County including accountability. The project has resulted in enhanced methodologies including a number of checklists following the ITIL methodology. Checklists have been developed for project:

- Initiation
- Inception
- Elaboration
- Construction
- Transition
- Production

Early in 2010, DIS took some steps to simplify the project management and project approval processes based on feedback from stakeholders. A single “Project Overview” document is now maintained throughout the life of a project. Approval from DIS Directors is only required during the elaboration and production phases. Other defined processes exist at varying levels of detail. Some are right on target; some have too much formality; while still others require additional definition. Representative processes are critiqued as follows:

PROCESSES		
Underdeveloped	Right-Sized	Overdeveloped
Appeals processes (cancelled/withdrawn IE’s and projects)	Project scope and requirements gathering	Limits on project submissions per department
Flexible project selection criteria	Financial Overview (ROI Analysis)	Limits on number of projects managed by DIS
Post-implementation success criteria and benefits realization review	Project overview and management checklist documentation*	Queuing/approval points Initial Estimates (IE’s)
Stakeholder engagement (e.g. change order sign-off, user acceptance testing lessons learned)*	Management approval level for project phases*	Project artifact retention and destruction
Project risk assessment and stakeholder acceptance	Service Level Agreements (SLA’s)	
	Cutover requirements	
	Project status reporting	
	DIS resource management	
	DIS 30-month Strategic Plan	

PROCESSES		
Underdeveloped	Right-Sized	Overdeveloped
* Redesigned process implemented in Q1 2010		

**Recommendation: Further simplify and define project management processes where appropriate.**

Structured processes are considered to be a best practice and an improvement to the County’s business. Structured processes improve organization and control, strengthen accountability, and ultimately improve efficiency and effectiveness. Many processes can be better defined to:

- Fill gaps in workflow
- Reduce bureaucracy
- Strengthen service delivery
- Set proper expectations
- Improve communications

During process development, it will be important to “scale” workflow to meet the needs of the County, meaning to “right size” processes to meet needs. It would be helpful to use process flowcharts as a focal point to assess the state of development, and to determine if further process definition is warranted. Ultimately, processes should be available and used by all senior management groups at the County, no matter where they reside.

**2. Finding: DIS Service Level Agreements (SLAs) are a relatively new concept in use at the County.**

Service Level Agreements (SLAs) are contracts between parties that focus on service delivery and performance. SLAs are common place in business and used widely as an agreement between technology departments and their customers. DIS first began using such agreements in 2007. SLAs are developed for each project but not for each department. The County’s DIS agreements are standard in structure and adequately define what is expected in terms of project performance. While SLAs are considered to be a best practice, numerous departments state that such agreements are not well understood and are ineffective.

**Recommendation: Strengthen the use of SLAs to help set expectations between parties, and provide a stronger means to track performance and foster constructive feedback.**

SLAs can be used as a more effective tool at the County. While these agreements provide a conventional mechanism to define the relationship between parties, such agreements mean little without two-way dialogue and active management. We recommend that the County increase customer service management surrounding SLAs, including ongoing monitoring and regular performance reviews (e.g., reviews of back-up, capacity management, etc.). SLAs should also be developed to help manage departmental service delivery on an ongoing basis.

**3. Finding: Available management connections between DIS and customers are not being utilized effectively.**

Give the recent restructuring within DIS, the Director and Deputy positions are consumed with higher level management duties. The Director is concentrating on providing leadership and ongoing DIS management, while the Deputy is concentrating on day-to-day administration, overall project tracking and resource allocation. The transition away from past DIS administrative practices has changed the way the Department interacts with its customers.

This change has affected the County's business dealings, and has sometimes distanced upper management from the front lines of service delivery. This change appears to be a surprise to all involved and affects ongoing department relations. This situation is now being recognized as being somewhat out-of-step with the customer base. DIS is in process of taking steps to correct this situation, largely through Advisory Committee dialogue.

**Recommendation: Increase the number of management connections with the customer base.**

By reconnecting with customers at multiple organizational levels (e.g., Director to Director, Manager to Manager) improved connections will strengthen:

- Buy-in regarding project initiation and ongoing project changes
- Planning
- Enterprise technology implementation
- Ongoing support and customer satisfaction
- Ability to self correct and make mid course change

Multi-level connections should occur at Director, Manager and Lead levels. Based upon our assessment of where time is spent and not spent presently, we believe that DIS needs to increase the time spent in customer management by about 10-15%. The infrastructure being put into place can help in this regard (by providing open access to information). Customer follow-up will be key. DIS Business Analyst activities also should be adjusted to right size their involvement in ongoing planning, analysis, customer relations, budgeting and change management activities.

**4. Finding: Project origination and acceptance is decided in a business-like manner, including the evaluation of return on investment (ROI) criteria.**

Project initiation and approval processes have significantly changed over the last two years. As documented, the processes now appear more organized and structured, and are said to follow ITIL service delivery practices. Project selection appears flexible and includes criteria such as "fairness" and "political mandates," while we believe the revised processes provide improvements. However, some important gaps remain and require attention, including:

- ROI operating as a prerequisite criteria
- Missing evaluation of qualitative benefits
- Balancing requirements of departments
- Lack of full scale enterprise risk assessment

We believe that improvements are headed in the right direction but require significant additional work, whereby Managers plan, organize, follow-up, and report on project acceptance.

**Recommendation: Continue to improve project acceptance through strengthened criteria and processes, timely customer exchange, and depth of communications.**

We recommend that project acceptance proceed through a mid-course correction. Project acceptance will be enhanced if:

- Acceptance criteria are further clarified and expanded
- Training is delivered to department liaisons
- Appeals and escalation processes are established
- Decision reasoning is documented and clearly communicated

During improvement, it will be useful to map selected projects to Countywide strategies (not only DIS) such as “responsible stewardship of public funds.” Such process changes will go a long way to improve project initiation if the parties work more closely together in a customer service format.

**5. Finding: There is limited stakeholder involvement in DIS review of active projects for issue prioritization purposes and issue resolution.**

Per the input received from multiple stakeholder groups, project prioritization is said to be primarily determined within DIS. This situation feels “forced” and is creating unnecessary tension between DIS and its customers. The push from DIS is to make technology progress, especially on an enterprise level. The challenge in pursuing the enterprise strategy is that major projects will bump other departmental projects from near-term completion, and this is viewed as “one-sided” and not inclusive. DIS has recognized that project prioritization issues exist and is seeking to find a better balance. One action now underway is an initiative to move a manageable but limited number of projects to completion (rather than accepting all requests).

**Recommendation: Establish a more engaging stakeholder process to gain customer input in issue planning, budgeting, decision making, and performance oversight.**

This recommendation is one of the most important being provided for this study. It ties directly into the three concepts of transparency, change management, and service delivery. Many departments are stating that they have been largely left out of the decision making process for areas that affect them. They also feel that they are “taxed” without benefits or representation. While DIS leadership is necessary, and requires a focus on enterprise results (including ROI), some additional stakeholder balance would

help smooth out politics and delivery. One potential response to increasing involvement will be to establish a high level three to five person committee that can help prioritize investments. One committee that already exists that could possibly help is the Advisory Committee. Alternatively, another high-level group comprised of Elected Offices and Directors who can work together could be established to vet initiatives and projects, and make strategic decisions.

**6. Finding: Project status reporting is not working as intended.**

Project status reporting is an area where customer complaints are high in number. Survey results indicate that a high number of customers desire more timely and more accurate information. Interview feedback also suggested the same. There appears to be a number of issues aggravating this situation, but all are readily correctable. No one issue appears to be dominant. Issues include:

- Status reports are not always timely
- Departments are often having to request information that should be provided as part of a routine
- Some change orders are being required unnecessarily
- Some end users are being left out of the loop altogether

This situation seems to be exacerbated by current tension between DIS and its customer base.

**Recommendation: Provide straightforward project status reports on a regular, standard, and complete basis.**

Strengthening status reporting should be relatively easy to implement. DIS has all of the necessary means to get more information out to customers. There are a variety of methods available to do this. DIS should consider creating project status reports that allow customers to request, obtain, and include certain types of information useful to a particular situation. Such reports can be made widely available for all relevant stakeholders.

**7. Finding: There are multiple types of project requests coming through the system.**

As in any organization the size of the County, there are project requests coming through regularly in all shapes and sizes. To handle such requests the County categorizes these into holding zones. Many organizations evaluate requests by funding impact, first come first serve, benefits availability, etc. The County appears to be on the right track by segregating requests that are large and small (service requests/initial estimates over 40 hours/estimates under 40 hours). This is one way to appropriately track requests. However, currently projects are stacking up, and not all are being scheduled. The reasoning for this is that there is simply too much work for the current number of DIS staff to handle and not enough funding. The current way the organization is structured is also affecting the amount of work being accomplished.

**Recommendation: Enhance the decision model regarding what project requests are approved and build stronger workflow for requesting, selecting, monitoring and reporting.**

The County has a head start in the development of strengthened DIS processes. Because such processes have been recently developed, they have not had a chance to fully mature. With that said, customers are demanding more transparency with more say-so in the outcome. To handle the many types of project requests, we recommend:

- Expanding and clarifying the set of decision criteria
- Tying selection to approved short and long range IT plans (Countywide and departmental plans)
- Establishing a joint DIS/department decision body to discuss requests (possibly the Advisory Committee or other)

**8. Finding: The DIS project management system has been developed in-house by the Deputy Director of DIS, who is the primary owner/operator of the system.**

The Deputy Director is considered to be an “internal delivery guy.” He is technically knowledgeable about operations and has significant capacity to track and oversee projects. In support of improved project tracking, the Deputy has developed a detailed project management system. Project tracking is accomplished through plans and monitoring. This system is mostly managed by the Deputy with limited visibility from others. However, the lack of transparency is causing some frustration among DIS employees and customers alike.

**Recommendation: Consider procuring and operating commercial off-the-shelf software with built-in reporting.**

The marketplace provides dozens of packaged software applications, developed to handle most every aspect of management. The market includes packages developed for project management, with many good packages available from reputable vendors. There is little reason to reinvent the wheel when packages exist for commonplace applications. Project management software provides many capabilities including reporting that will open up the process for all stakeholders to access needed information on a regular and timely basis. At a minimum, the existing system should be shared with DIS staff and other key stakeholders on a regular basis.

**9. Finding: Recent technology progress has involved large projects being tackled in limited time periods.**

The pace and level of change at the County is one of the main issues hampering DIS efforts to make more progress. There appears to be simply too much change occurring on multiple fronts including administration and processes. Areas of recent change include:

- Management personnel
- Process
- Communications
- Systems infrastructure
- Applications software
- Data management
- Budgets

The level of change touches major aspects of County technology, and is affecting many departments. In most organizations, change creates uncertainty, which is difficult to adapt to. As a result of the pace of change, major DIS processes are being impacted including systems development, planning, implementation, maintenance and operations. To bring the situation into better balance, reprioritization is in order.

**Recommendation: Consider reprioritizing the queue of projects.**

DIS already reprioritizes annually and is doing so presently in the annual budgeting cycle. This is a great time to work with stakeholders to rebalance DIS workloads. We recommend spending more time refining DIS processes, but with increased involvement of stakeholders. Communications processes should be further refined in this effort and simplified where possible. Processes will require further definition and then vetting with DIS staff and other department counterparts.

**10. Finding: The change order process is over utilized.**

The DIS change order process is used to appropriately deal with changes in scope, schedule and budget. The concept is generally conventional. However, change orders are used excessively to deal with “schedule” modifications, including minor ones. Frequently, change orders are submitted to adjust schedule information or address minor tasks that are tied into project status reports. Over 90% of the change orders are reported to be created to deal with scheduling matters. This is bureaucratic, unnecessary and bogging down the system. Further, change orders are managed almost entirely within DIS, and do not require customer signatures. The change order process requires redefinition to concentrate on the most important matters. Otherwise, the process utilizes too much time and requires too much “paperwork.”

**Recommendation: Scale back the change order process to address significant items.**

Change order processing should remain an effective tool at the County. We recommend that the County process change orders on significant matters including change of scope and budget. Changes in schedules could be handled at the milestone level. Tolerances should be used to require approvals on major versus minor changes.

**11. Finding: Customers have limited options for escalation of submitted projects and appeals for cancelled submissions.**

Departments are limited to five Initial Estimate submissions queued in P4 status and all requests compete with other department submissions and DIS initiatives for resources. DIS has made a commitment to manage a smaller number of projects than in prior years for greater success which constrains the number of active projects that can be accepted. Departments are represented in the project selection process through Business Analysts or Project Managers, however escalation sometimes occurs through upper management. Survey results indicated that departments are having inconsistent experiences depending on the situation and who is involved. Submitted department requests are often returned from approving bodies when additional information is required or when resources are unavailable, only to be resubmitted for the next meeting. The lack of a formal mechanism for adjusting project priority without impacting other submissions or withdrawing the project entirely adds to the current challenges involved in project management, service delivery and communications.

**Recommendation: Communicate project queuing and selection by reporting on “portfolios” of submitted requests.**

Uncertainty in status of submitted requests as they are vetted and selected can be interpreted as a lack of progress. Similarly, cancelling or diverting active projects can be interpreted as changing priorities without consent. Defining categories of project portfolios based on Countywide strategies (e.g. “Effective, Efficient, and Transparent Government” or “Ensure Fiscal Responsibility”) complete with weighting of selection criteria will set expectations of projects to be accepted. Such portfolios would provide consistent talking points for escalating project submissions during Advisory or Steering Committee meetings.

**12. Finding: Currently, only about 30% of the projects find their way into the implementation and delivery process.**

This has been reported by DIS and is an indicator of how much demand there is for technology services at the County. With that said, 30% is considered to be on the low end of what is expected to be accomplished. We recognize in this economy that there are limited resources available to address the number of projects in the queue (in the immediate future). Nevertheless, departments are reporting that many important needs, small and large, are not being met.

**Recommendation: Consider outsourcing more projects to third parties to catch up on the project backlog.**

After reviewing the long list of requests at the County, we believe many could be queued up faster for delivery. One way to catch up on the backlog would be to seek third party contractor assistance (when funding is available). If outsourcing is pursued, it will be important to follow a strongly managed and controlled process. For significant projects, it will be prudent to include DIS in the process, for oversight, management, and quality assurance purposes.

**13. Finding: The project categorization process is not well understood by customers.**

Snohomish County utilizes a categorization system consisting of four groupings called P1-P4. As work is queued up for consideration and implementation, projects are placed in categories and assigned levels of priority. Four categories are used and named P1 – P4. Categories include:

- P1 – Active and approved project
- P2 – Small inactive project
- P3 – Large inactive project
- P4 – Inactive proposal

Competing DIS projects and the approach to resource allocation is holding up P2 and P3 projects submitted by departments. Because of the lack of visibility into the queuing and prioritization process, customers are confused about how project categories are being managed.

**Recommendation: Consider simplifying the categorization process.**

While the P1-P4 categorization is one way to prioritize queuing projects, other processes could be considered. The process could be reengineered to include increased customer involvement, and ongoing reporting. Subsequently, if simplified, the process should be vetted, documented and communicated on an ongoing basis.

**14. Finding: Many P4 projects are being managed in an apparent semi-permanent holding pattern.**

Notwithstanding the potential for adjusting the P1-P4 process, the P4 category requires more active management. The common perception of P4 projects is that projects are placed into a “suspense” category. Based upon a current operating definition, there is no immediate resolution for projects categorized as P4. Further, status reporting of this holding category does not appear to be regularly occurring. When this situation is compounded by the lack of an ability to appeal placement, P4 is being interpreted as “no mans land” and as an artificial constraint resulting in unfair decisions (which is counter to agreed upon prioritization approach). This issue was discussed and confirmed with DIS personnel.

**Recommendation: Build a process for dealing with P4 projects, even if it means that such projects are rejected from the queue in the near term.**

Projects will have differing priorities in any organization. P4 projects are those that are being tracked, but with no immediate plans for implementation. An important function for DIS is to track projects. To better resolve what is going to happen to projects, we recommend that P4 projects be further evaluated for likelihood of proceeding sometime within a reasonable timeframe, or taken off the list. Either way, the process requires clarification and communication with the stakeholders. This process will work better if communications occur with customers regarding what is apt to happen with a specific project, so that customers have more certainty about an outcome.

**15. Finding: A number of projects remain outside the tracking system altogether.**

Based upon interviews conducted during this study, it appears that some projects are not logged anywhere in the DIS tracking system. This is true for active projects, as well as for those in the queue. This lack of tracking seems to be an oversight. The lack of tracking does not allow the County to manage the enterprise project portfolio.

**Recommendation: Track all significant technology projects.**

We recommend that all significant projects be tracked in one system and by one party. This tracking capability should be relatively straightforward to implement. Comprehensive project tracking will provide the County:

- A complete view of what projects are open and pending
- Better accountability
- Increased fiscal control
- An ability to gauge performance
- Strengthened ability to assign resources and schedule

**16. Finding: Policy and procedural documentation is not fully developed or up-to-date, especially for those processes that require further definition.**

While much documentation is developed and maintained, not all important documentation is completed. For example, project artifacts such as financial overview or project overview containing success criteria are not retained or formally evaluated after solution launch. Neither are lessons learned or important lifecycle management processes.

**Recommendation: Complete the development of important policy and procedural documentation, and assign the responsibility for developing and maintaining DIS policies and procedures to a central resource.**

A central resource should be utilized to develop and maintain Department policies and procedures. By using currently available technology, such as SharePoint, the Department can organize and store policies and procedures more efficiently and effectively. Centralization will help prevent confusion about what policies and procedures are current, when they were last revised, who is responsible for maintenance, etc. As part of document management, a procedure should be developed for developing, approving, and communicating new policies and procedures. Policies should include some sort of mechanism to enforce lessons learned with both DIS and departments prior to project commencement.

**17. Finding: The portfolio management team is working to expand dialogue and decision making processes through the use of committees.**

Portfolio evaluation has been mostly completed within DIS, as opposed to being completed with customers. This is the process whereby projects are vetted, both in terms of initiation and relative merit. Project evaluation includes reviewing ongoing status, progress, and performance. This process is very business like, but is not inclusive. Given the level of “push back” occurring regarding relations between DIS and its customers, DIS management has taken note of this situation and has begun a process

to increase dialogue with customers. We consider this a healthy move. The primary mechanism being used is the already established Advisory Committee. Further, given specific needs of several departments, three additional subcommittees have been established to support governance including:

- Law and Justice Integration
- Land Technology
- Administration

This committee process is set to strengthen customer input and oversight.

**Recommendation: Further define roles and responsibilities of all stakeholders involved in technology governance.**

The existing committee structure is considered to be a potentially strong vehicle/mechanism to align stakeholder views and processes. In addition to establishing a clear charter defining committee and associated authorities, we also recommend defining input and decision processes to be followed. Such processes should include:

- How decisions will be made
- What input is sought
- How customers are heard
- Information tracking
- Standard agendas and structure of meetings
- How meetings will be facilitated
- What support will occur including follow-up

These processes will define the detailed methods and procedures to be followed (supporting the charter).

As in other areas of project management, opening up the process would do much to improve customer relations. End users are asking to provide more input and to gain visibility. If the process is opened up, alongside increased Advisory Committee input, departments will have multiple appropriate venues to exchange information and factor into the decision making and evaluation processes.

**18. Finding: The authorities of the Advisory Committee are not fully defined.**

The idea behind this committee is a good one, that being to provide input and feedback regarding technology change and advancement. We fully recognize the potential for the Advisory Committee (and related subcommittees) to provide input into the County's technology governance process. While this process is underway, participating stakeholders are unclear about their authorities. Due to the lack of clarity, these committee processes are not as effective as they could be. This entire committee structure is a good start to improved technology governance, but has not been fully optimized. Because this structure is new, participants are not accustomed to the process and have not worked out the nuances yet.

**Recommendation: Develop a formal Advisory Committee charter.**

Because this stakeholder forum is already active, we recommend full utilization. We recommend expanding the use of this committee to:

- Define technology goals and objectives
- Identify current important issues
- Find common ground
- Build consensus and support
- Identify and prioritize requirements and projects
- Assist in planning
- Promote changes and build consensus
- Provide policy input

It will be important to develop a charter for each formal committee that specifies participants roles, responsibilities, and authorities. Charters should start by defining the mission of the group and then move toward defining specifics, including:

- Business needs, objectives, and scope
- Business case
- Oversight
- Organization chart
- Roles and responsibilities
- Project stakeholders
- Deliverables
- Constraints and assumptions

**C. Communications**

DIS communications involve processes and associated actions of imparting and exchanging thoughts, opinions, data, and information about technology. Communications are vital to any effective organization, and DIS is no exception. An easy case can be made that communications are a critical factor in times of change, and especially when there are differing perspectives regarding how to approach change.

Because communications involve both art and science, it can get complicated. Such is the case at Snohomish County where numerous stakeholder groups are engaged in the process of determining how to deal with service delivery and scarce resources. An underlying reason behind current stakeholder frustration involves differing management approaches and styles. The Council, Executive, and Elected Offices are all involved, with DIS providing services to all three of these stakeholder groups. The County's structure complicates this situation. County government organizational structures have natural tension built in because of Elected Offices operating diverse functions. Complicating this structure at the County, are strong personalities in key positions.

There are two primary communications issues of concern at Snohomish County. One is “intra-departmental” communications, that is, within DIS. Two, is “inter-departmental” communications, between DIS and departmental customers. The study was scoped to analyze both types, as concerns have been raised within both stakeholder groups. Based upon intra-department survey feedback there are management approach, style and communications issues to attend to. Based upon interview feedback, inter-departmentally, the same issues are relevant, albeit focused on service delivery, instead of employee management.

As a key service provider, DIS supports both Executive Departments and Elected Offices, but reports only to the Executive. Communications between DIS and the Executive Departments appear to be more compatible in comparison to others. This is because of an organizational hierarchy where authorities and control are directly synchronized. Beyond the Executive Departments, communications challenges exist between DIS and the Elected Offices, a fact that is well recognized by all involved.

While communications are strained, the situation can be vastly improved if parties work more closely together and connect through two-way dialogue. The approach should start at the top of the County through strengthened management and follow through.

As stated in the Executive Summary, the divide between the Council, Executive and Elected Offices regarding DIS service delivery is pronounced. When interviewing various departmental personnel about DIS service delivery, there was a stark difference in these camps. The Elected Offices stated that DIS service delivery was less than adequate, and needs immediate correction. Many examples were given to back up their views. While the Offices were interviewed separately, all indicated the same lack of responsiveness, and all targeted upper management as the source of the problem. In contrast, Executive Departments stated, for the most part, that things were fine.

This suggests that there is a difference in service delivery between the departments. However, this was difficult to confirm from the evidence. An unusual factor encountered was that Executive Department interviews were short and not much information shared.

The divide between the departments and Offices must be closed in some way. On the surface, the answer appears to be to raise service levels for the Elected Offices to be on par with the Executive Departments. We believe that the solution will be more complicated.

Given the County’s politics, we believe that a significant solution is warranted to balance power and force change, that being a change in top down IT governance (discussed later in this report).

### Findings and Recommendations

- 1. Finding: Survey results clearly indicate that a significant number of DIS employees believe that intra-departmental operations and communications are not working at acceptable levels.**

During this study, a survey of DIS personnel was conducted. Survey results indicate that fully one-third of the employees within DIS identified ongoing organizational and process problems. The subject of communications raised significant concerns. The question of whether “communications between DIS management and staff are

considered to ensure free flow of information between the parties,” garnered a 54.5% “no” response, 27.3% “yes” response and 18.2% “don’t know or don’t have an opinion” response. Listening, and a lack of communications and structure were noted as being significant issues (there was also an unusual amount of “no responses” on many survey questions, where DIS personnel declined to provide an opinion).

This situation is problematic and should be taken seriously. The situation raises trust concerns and must be corrected. If not attended to, this situation will continue to negatively impact the health of the DIS over the long-term.

**Recommendation: Move to correct DIS intra-departmental communications through strengthened management.**

The situation within DIS requires attention. At a minimum, more inquiry of the workforce is needed to determine the source of the angst, as well as what specific issues require immediate attention. Further research is warranted regarding IT planning, project management, processes, governance and service delivery. Some outside help may be needed to help DIS management bridge intra-departmental gaps. This could come from County Human Resources or an outside third party. Other relevant steps for correction include:

- Facilitated sessions
- Team building
- Development of policy and new processes
- Managerial commitments
- Regular messaging

**2. Finding: Resistance to change is entrenched and appears to be increasing.**

After a two-year tenure with the current DIS Director, a reasonable period of time has passed to gain a sense of the organizational dynamic. While a fair amount of progress has occurred during this period with a focus on infrastructure, numerous departments are reporting an increase in their frustration levels with the DIS approach. This situation is increasing the resistance to change. Reported issues are driven by a lack of attention to customer needs and a lack of trust resulting in building resentment.

**Recommendation: Take immediate corrective action to diffuse the situation.**

This issue is directly tied to the disciplines of project and change management. Service delivery and customer satisfaction are integrally tied together. Solutions are readily at hand, and change could occur quite quickly if parties connect. Issues may be resolved by allowing stakeholders to air resentments, establishing joint responsibility for defining objectives and fixing problems, and involving all parties at relevant levels to participate in important decision making.

**3. Finding: Recent efforts have been initiated to strengthen meetings between the Offices and DIS.**

Because of the number of communication issues being sorted out, there has been movement to reach out to specific Elected Offices to address customer needs. One recent action includes conducting meetings at the Advisory Committee level. This move is strengthening communications between DIS and the Elected Offices. Aside from meeting with the Advisory Committee, three subcommittees are also beginning to meet. The committees include Law and Justice Integration, Land Technology and Administration. The Council has been actively involved in this process through formal resolution.

**Recommendation: Develop a formal structure to guide committee actions and help ensure that appropriate topics are covered.**

Conducting the aforementioned meetings is an excellent step to strengthen two-way dialogue and diffuse current frustration levels. Meeting structure will help this process. Conventional tools that should be considered include:

- Managing with a defined agenda, published ahead of time
- Allocating specific times for agenda items
- Facilitating participation
- Assigning responsibilities for specific topics
- Concluding with an action item review
- Documenting minutes

**4. Finding: While a fair number of IT projects have been accomplished since the new DIS Director started in 2007, many tradeoffs have also occurred to achieve this result.**

The DIS Director is approaching the County's backlog of projects in a business-like manner. For example, the Director is in the process of prioritizing projects based upon a structured decision making process. Many projects have been accomplished over the past two years, including:

- Upgrade Highline P2K software to eP to ensure the County continues to utilize a supported software product
- HR on-boarding
- New payroll time-entry
- Assessor Personal Property eFiling
- PDS Online Basic Permit 2009 Fee Updates

The benefits of such work include:

- Supporting County employees and departments through delivery of efficient services and products
- Decreasing long term IT costs through the use of technology
- Implementing new strategies to increase productivity through technology
- Protecting the citizen data and investment made in technology for Snohomish County Citizens
- Providing and maintaining cost-effective, consistent, and responsive technological tools and business services

The above projects have significant potential for increasing the effectiveness and efficiency of the County's business. To accomplish progress, numerous tradeoffs have been made related to project prioritization. Not every system request has been met, and a balance is being sought regarding what is being requested and what is being pursued.

**Recommendation: Continue to plan for, and roll out, high impact projects, and increase stakeholder involvement in the decision process.**

The debate surrounding the technology change appears to be heavily related to people and the approach to implementation and change management. We recommend the County continue prioritizing projects based upon availability of Countywide benefits. However, we also recognize that department stakeholders should be involved to help assess benefits, which will then lead to proper prioritization. If parties work together in assessment, prioritization, and planning, more will be accomplished, and parties will feel engaged and more willing to compromise, as well as support the overall solution.

**5. Finding: Communications channels have changed significantly over the last two years.**

In 2008, DIS pushed forward with a change regarding how communications would be handled within the County. The gist of the change put the BAs in the center of the DIS communications channel, with assigned responsibilities for reaching out to customers. Normally, communications occur openly on multiple levels within the organizational hierarchy. Without multiple channels, Snohomish County relies on BAs to be on point for DIS connecting with all other levels in the County hierarchy. This situation over extends the BAs, and seems to distance the DIS Director from the day-to-day contact with other Directors.

**Recommendation: Strengthen Director level communications, and right size the duties assigned to the BAs.**

Many recent organizational changes have been made with good intentions, and some have experienced reasonable success. The County should continue to build on such successes. Likewise, the County should reengineer what is not working. Consideration for restructuring communications should include more Director level exchanges. The County's organizational hierarchy should be operated for its intended purposes. Director to Director communications are important to address:

- Strategy and policy
- Executive-level decisions
- Relationships
- Exchange of views
- Problems
- Escalation

**6. Finding: The relatively new DIS Director’s management style can be described as “hierarchical” when compared to the previous Director’s more informal style.**

The new Director is approaching the job in a direct manner. This approach has been established to better organize business between DIS and customer departments. However, numerous departments are reporting that the Director is not spending enough time listening, is not fully engaged, and is over delegating communications responsibilities. There is also a perception that the Director is exerting too much control over others’ business territory. As a result, there is a fair amount of resistance to change.

**Recommendation: Recognize the difference in styles, and facilitate discussion to bridge views regarding the centralized versus decentralized approach to technology change.**

Clearly, it is in each party’s best interest to understand the other parties’ points of view. To reconnect DIS with its customers, some time will need to be invested. Several communication tools could be helpful including:

- Establishing a “team agreement” whereby parties commit to a constructive working relationship
- Co-developing a plan that will support both departments and the enterprise
- Establishing goals that will serve as a guide to prioritization and decision making
- Using the organizational hierarchy as designed and intended
- Using facilitated discussion when necessary
- Providing timely project status reporting and answering stakeholder questions as questions arise

If implemented, these tools will appropriately rebalance centralized versus decentralized decision making, and foster appropriate business compromise.

**7. Finding: Numerous departments are reporting one-directional communications regarding many IT matters.**

This finding relates directly to the one above, but emphasizes “the flow” of communications. End user departments are reporting numerous issues regarding their dealings with DIS. The group of departments largely involves the departments that report to Elected Offices. The range of issues includes a lack of timely notification of business matters, lack of information sharing, too much “push back,” etc. Project management, budgets, and associated project status were all noted as being issues of concern. While end users acknowledge that DIS representatives offer to meet to discuss business, “the resulting follow through has been less than satisfying.” Results from such meetings are said to include “agreement to disagree.” This situation has escalated into an impasse where parties do not work well together. DIS leans towards doing it their way, and in reaction, some departments are opting out of the governance process altogether. Obviously, nothing positive will progress under this scenario.

**Recommendation: Establish a more constructive two-way dialogue between the parties.**

While communications fixes are simple in concept, they are difficult to achieve in reality. Many factors are driving this situation, including management styles, culture, plans, history, behavior patterns, etc. We recommend that top Executive Management meet to get on the same page regarding making mutual commitments to achieve progress. Once set, the parties will be better positioned to share information and continue establishing common ground. Many communications techniques will be relevant to make constructive progress. (Other recommendations in this report identify techniques available to make progress in this regard.)

**8. Finding: DIS uses a number of communications methods to connect to customers.**

Communications methods are used to varying degrees of success. The following methods define the status of the County’s current program.

Method	Evaluation	Responsibility	Current Effectiveness
Memorandum	Heavily utilized	DIS and departments	High
Standard Operating Procedures (SOPs)	Continuing development	DIS and departments	High
Workshops	Method underutilized	DIS	Low to moderate
Stakeholder group meetings	Method underutilized	DIS and departments	Low to moderate
Questions & Answers (sessions/postings)	Method underutilized	DIS	Low
Intranet	Method underutilized	DIS and departments	Low to moderate

Method	Evaluation	Responsibility	Current Effectiveness
Training	Partial implementation	DIS and departments	Moderate
Team building	Method underutilized	DIS and departments	Low to moderate
Face to face meetings	Method underutilized	DIS and departments	Low to moderate
Postings	Not utilized	DIS	Low
Other channels	Not a focus	DIS and departments	Low

Survey and interview feedback formed the basis of determining method effectiveness.

**Recommendation: Prioritize the use of high-impact communications methods.**

There is a reasonably urgent need for the parties to work more closely together on communications. Most department managers agree that DIS and its customer base require further alignment. This means that departments are considering alternatives for addressing their technology needs. This action would not always be in the long-term interests of the County, particularly because duplicate and non integrated systems could result in disparate and fragmented systems.

A current communications issue is the perception that this is primarily a DIS problem. Both departments and DIS need to work closely together to address the situation. Per the above, many methods are noted as being both parties’ responsibility to implement. We recommend that the County’s Advisory Committee conduct a session solely scheduled to evaluate what methods are effective and selected for use. We also recommend that the County expand use of a few more high impact channels to reach out to customers.

**9. Finding: The communications plan and corresponding program supporting County technology are a work in process and require further implementation.**

This finding is in tandem with the finding above regarding planning. The communications program should be defined with the plan.

As discussed previously, while DIS is making progress on multiple technical fronts, the people side of the organization still requires significant work. This includes communications where many elements of the program have yet to be fully implemented. Elements that require strengthening include methodology, processes, assignments, and as previously noted, committee structure. Other program elements have not been fully defined, planned, or developed, including:

- Formal written communications plan with actionable items
- Comprehensive techniques to disseminate information
- Message reinforcement and follow-through
- Assignments
- Shared philosophy and education
- Two-way reporting

**Recommendation: Complete implementation of the DIS communications program.**

Completing the DIS communications program will first require a realistic plan. The goal of the DIS communications plan should be to foster constructive and transparent dialogue to align DIS with its customers. Components of the DIS communications strategy that require further development and implementation include:

- Ownership
- Style
- Delivery mechanisms
- Competencies – skills, training
- Other related ongoing activities
- Audiences internal and external
- Staff involvement at all levels (stakeholder and operations)
- Timelines
- Key success factors
- Monitor audience feedback
- Ensure the right message meets the right people at the right time!

Defining the plan needs to take into consideration the following items: Who is the messenger? What is the message? Who is the target audience? Timing and frequency of communication, method of communication, and providing a feedback mechanism must be considered.

**10. Finding: Technology stakeholders are not using a cross functional team to assist in implementing ongoing change.**

Much of the County's current business is handled in a silo format. While this might work well in some situations, it does not usually work well with respect to technology. Many of the County's most important DIS projects require teamwork. Project success, beginning with initiation, is being affected by the lack of cross functional knowledge. Further, post implementation change management has been receiving less than satisfactory levels of attention.

**Recommendation: Increase the level of teamwork and associated training regarding change management and cross functional teamwork.**

County stakeholders could use a significant amount of education about how technology change occurs. The technology IQ will increase by providing training about the System Development Life Cycle (SDLC), including how various departments should fit into this process. We recommend that training be provided to key personnel, and be tailored by level. For example, Director level training should include a focus on policy, oversight, and planning; while mid-Manager training should focus on approvals, testing, instruction, delivery, and support.

**11. Finding: Some important organizational factors that normally support change management are not in place.**

Post system implementation requires ongoing management – hence the field of “change management.” And as systems continue to change, the workforce must follow suit. A close look at DIS change yields the following evaluation:

Factor	Status
Technology leadership	Concentrating on results, but not process
Process adoption	Differing views, not aligned
Governance oversight	Changing, incomplete, debated
Personnel capabilities	Change management not well understood
Performance measurement	Incrementally maturing
Communication	Not effective
Culture	Numerous cultures exist, tied to multi-leadership models

**Recommendation: Implement process changes to strengthen change management and spur further technology adoption.**

Besides technical changes, the County needs to increase its focus on the people side of the business. Leadership and training are at the core of what is needed. We recommend that change management be established in concert with technical advancement. To effectively implement structural and process changes, we recommend improved:

- Leadership – taking stock of the reality of the situation
- Adoption – asking end users what they want
- Governance – establishing mutual priorities
- Capabilities – increasing the focus on service delivery, education and ongoing communications

**12. Finding: DIS is aggressively pushing the pace of enterprise change.**

We found the backlog of technology projects at the County to be significant. Over two dozens projects are currently underway. The County is working to catch up with the long overdue backlog of projects to shore up its technical infrastructure. To address this backlog, the DIS Director is actively working to strengthen infrastructure, data management, applications, and architecture. This scope is aggressive and impacts a wide number of departments.

**Recommendation: Determine the appropriate pace of change that the County can absorb.**

There is a confluence of issues occurring at the County that are combining to cause frustration among stakeholder groups. While some change is clearly warranted, the County appears to be tackling too much at once. We believe that either the pace needs to slow, and/or a reinvigorated approach is in order by adding more resources to the mix. We recommend an immediate “checkpoint” action whereby the County accounts for the entire scope of the technology agenda. Policy decisions should occur in advance related to priorities, scope and budgets; prior to making wide scale tactical decisions. The Advisory Committee will be an appropriate place to start this discussion.

**13. Finding: The Council is considering moving the existing DIS relationship from the Executive to the Auditor.**

The County's political environment is charged with differing stakeholder views on several sides about dealing with County technology business. Given the present environment at the County, some consideration is occurring related to where DIS should be located organizationally. The Council is openly considering a shift in the structures, by moving DIS to the Auditor.

**Recommendation: Consider other reporting alternatives prior to making the decision to move the Department.**

While we understand the present political environment, and that this move is possible, this move would also be atypical in County government. We generally recommend that organizational decisions be made by determining what organization is in the best interest of the County over the long term. This means that decisions should be made first by analyzing organizational structure, and then by looking at how people fit into structure.

Wherever DIS is organizationally located, an alternative structure should be considered to establish some type of broader-based County technology oversight committee. The purpose would be to guide technology oversight and decision making. This committee could be comprised of Elected Offices and/or Directors. This structure would provide some level of compromise and allow for direction and input over DIS operations, decisions, etc.

We believe that a high level technology governance structure would be useful to the County to provide oversight for technology policy, strategy, budgets, planning, and major decisions. This body would provide for proper decision making, and align County government at appropriate levels. This option requires further discussion between the Council, Executive, other Elected Offices, and Directors to determine the best configuration.

The study did not include a full alternatives analysis regarding moving DIS. Any future action regarding a move should be fully researched and analyzed prior to a change. Ultimately, any potential move would be a unique response to the County's unique political and DIS service delivery environment. We restate that the overall DIS challenge currently existing is caused by multiple reasons, two of which include 1) structural reporting, and 2) people and the personalities of those in positions of power.

**14. There are disconnects in communications between DIS and the Network Administrators (NAGs).**

The current organizational configuration at the County has network administrators working for both DIS and in the Elected Offices. The NAGs who work for the Executive Departments are coordinated in terms of communications and support. The NAGs who work for the Elected Offices work and report to their respective managers within their offices. As a result of this dual organizational structure, communication, cooperation, management and support is less than optimal at the enterprise level. The reason behind the multiple organizational structures/reporting relationships is tied to the desire for departmental control.

Particularly missing is coordinated support and resource sharing for all departments. The NAGs themselves commented on this issue during the study, stating that the lack of coordination promotes inefficiency.

**Recommendation: Strengthen the level of cooperation, coordination, and communication between the County's NAGs.**

Regardless of who the NAGs report to, more coordination should occur. The NAGs should operate in a matrix relationship at a minimum, with dotted line reporting to DIS. This means that NAG coordination, and collaboration, necessarily must accommodate multiple parties, so as to perform efficiently and effectively across the County's network.

Coordinated resource management will:

- Strengthen resource deployment
- Attend to problems and issues more promptly
- Spread the workload and avoid bottlenecks
- Increase training and skill transfer
- Cross fertilize knowledge
- Optimize use of the help desk
- Provide ample back-up

To achieve the desired level of resource coordination, two-way communications is considered a must.

# APPENDIX A – RATE MODEL ALTERNATIVES

Three alternatives are relevant for the County to consider regarding the DIS rate model.

Alternatives include:

- Alternative #1 - No change
- Alternative #2 - Simplify the current structure through consolidation
- Alternative #3 - Develop a new rate model

Each of these alternatives is discussed in brief below.

## 1. Alternative #1 - No Change

### Description

This alternative is set to stay the course with the present rate model. While no structured changes would occur under this scenario, other changes to processes would occur. Such changes would include how the model is budgeted, and communicated. These improvements would be implemented to strengthen administration and customer understanding and acceptance.

### Strengths

- Less disruption to present administration
- No need for significant reinvestment

### Weaknesses

- Leaves complex model in place, where customers will continue to struggle in their understanding of detail and processes
- Level of model administration remains high

## 2. Alternative #2 - Simplify the current structure through consolidation

### Description

The present model may be streamlined by using the same spreadsheet framework, but may be restructured by reducing the amount of detail associated with the services and metrics. Other process would also occur to strengthen customer understanding and acceptance.

### Strengths

- Simplifies model administration and improves efficiency
- Could potentially increase customer satisfaction

**Weaknesses**

- Will require restructuring the spreadsheet model
- If not handled carefully, this could disrupt DIS funding and cause increased frustration with the model
- Some payments will move from pocket to pocket without accomplishing much

**Caution**

Prototype and what-if results should be modeled first, prior to rollout.

**3. Alternative #3 - Develop a new rate model**

**Description**

The County's DIS rate cost allocation model could be significantly redesigned. There are various ways to do this, including tying metrics directly into the financial statements, and/or building a summary model with fewer services and metrics. While the concepts would still be true, the model could be scaled back significantly. The County would still use a spreadsheet to conduct cost allocation.

**Strengths**

- Simplifies model and ongoing administrative processes
- Could save significant amounts of money in the long term

**Weaknesses**

- Requires significant time to redevelop
- Potential exists for shifting costs to those who have less ability to pay
- Potential for labored process due to current politics and customer difficulties

## APPENDIX B – DIS SERVICES AND METRICS CONSOLIDATION MATRIX

Service Category	Metric Evaluation
1. Workstations	Adequate
2. Network Access	Adequate, Could be combined with another network services.
3. Data Transport Services	Could be combined with another network services.
4. File Services	Simplify, too many metrics. Could be combined with another file storage.
5. Print Queues	Adequate
6. E-Mail Systems	Could be combined with another service.
7. Remote Access – Citrix	Could be combined with another service.
8. Wireless	Potentially could combine with another service.
9. Telephone Services	Adequate but could combine.
10. Audio/Visual	Unusual metric (video cameras). Consider direct billing.
11. Disaster Recovery & Prevention	Too many metrics/unusual metrics, could be combined.
12. Web Services	Too many metrics, could be combined.
13. Public Safety	Consider direct bill.
14. Electronic Document & Records Management	Could combine metrics. Possible combination.
15. Prosecutor Case Control	Adequate
16. Corrections Management	Adequate
17. Public Safety Systems	Combine with other services. Consider direct bill.
18. Medical Examiner Tracking System	Adequate
19. Financial Applications	Potential for further combination. Licensed users throughout the County.
20. Human Resources Information System	Adequate
21. Auditor Index & Imaging	Adequate
22. Voter Registration	Adequate
23. Fleet Management	Adequate

**Appendix B**  
**DIS Services and Metrics Consolidation Matrix**

Service Category	Metric Evaluation
24. GIS	Simplify. Potential for consolidation.
25. Property Systems	Adequate
26. Permit Processing	Adequate
27. Scale Automation	May be immaterial. Adequate
28. E – 911	May be immaterial. Adequate
29. Emergency Operations Center	Direct bill.
30. General Applications	Too many metrics/combine.
31. New Projects Investment	Consider direct bill.
32. Coordination, Support & Training	Use one or other metric.
33. Records	Consider one metric.
34. Imaging Services	Consider fewer metrics.
35. Mail Handling & Distribution	Adequate
36. Print & Copy Services	Consider one metric.

## **APPENDIX C – EXISTING DIS PROCESS FLOWS**

---

1. Project Origination and Selection Workflow
2. Project Management – Project Organization and Approach
3. Project Management – Finalizing Project Plan
4. Project Management – Complete System Functionality
5. Project Management – Move to Production and Project Closure
6. Weekly Status Reporting (Informal Process)
7. Rate Model Development













