

# 2014 Annual Report

DAVID G. JONES, SEATTLE CITY AUDITOR



Published April 1, 2015

## Office of City Auditor Annual Report

The City Auditor is proud to submit the Office of City Auditor's 2014 Annual Report that summarizes our accomplishments and current activities. The Seattle City Charter (Article XXII Section 12) requires every department head to submit a report to the Mayor and City Council annually on their department's activities. We are pleased that during 2014 our office contributed in significant ways to making the City of Seattle a better place to live and work. A full list of the reports we completed in 2014 and our ongoing projects is included at the end of this report, and on our website at [www.seattle.gov/cityauditor](http://www.seattle.gov/cityauditor).

## Our Audits Strengthened the Delivery, Oversight, Compliance, and Transparency of City Programs

In 2014 we completed six performance audits of City of Seattle (City) programs. These audits contained 66 recommendations that identified ways in which these programs could be improved. These audits and others we initiated in 2014 covered topics such as **labor standards enforcement, contracting requirements, information technology security, public safety, utility internal controls, financial management, and public disclosure.**

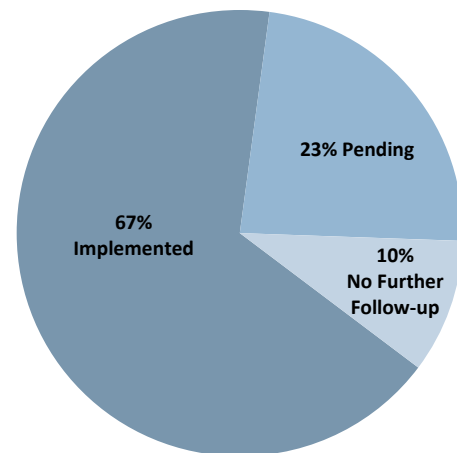
### Impact of Our Work: Improved City Programs

We are proud of the work we do to develop useful recommendations, most of which are implemented by City departments.

In 2014 we continued our practice of issuing a [report](#) summarizing the implementation status of our open audit recommendations. As can be seen from the chart, 67% of recommendations issued between 2007 and 2013 have been implemented.

These recommendations<sup>1</sup> resulted in a host of benefits, including cost savings, increased revenues, efficiencies, and risk mitigation in a wide range of areas that ultimately led to improved City programs.

2007-2013 Recommendations  
Status Summary



<sup>1</sup> We tracked 350 recommendations contained in 38 audit reports issued from 2007 through 2013. As of December 31, 2013, 67 percent (234 out of 350) were implemented, 23 percent (82 out of 350) were pending, and 10 percent (34 out of 350) were categorized as no further follow-up planned.

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## Labor Standards Enforcement

As required by the City's Paid Sick and Safe Time Ordinance, we examined the Seattle Office for Civil Rights' (SOCR) enforcement of this law, and produced a report with 13 recommendations.

From September 2012, when the Ordinance took effect, through December 2013, SOCR primarily used a non-adversarial advisory letter process to enforce the Ordinance, the main purpose being to encourage business compliance instead of relying on formal investigations or imposing penalties.

Although the process may have corrected businesses' future practices, it did not always hold them accountable for past practices.

We identified issues with the advisory letter process and questioned its effectiveness as a long term enforcement strategy. The SOCR Director concurred with 12 of our recommendations and requested further study of one recommendation.



We made a presentation on the report's recommendations to the full City Council, which helped inform the Council's legislation creating a new Office of Labor Standards.

### 2014 Knighton Award Recipient

This audit report was honored with the top award from the Association of Local Government Auditors for a 2014 audit report by a medium size audit office.

## Contracting Requirements

At the request of City Councilmembers Tim Burgess and Tom Rasmussen, we audited the City's process for issuing a contract for towing and impounding services.

We concluded that the City complied with state and city laws in its bid process, obtained the new technologies it desired, and provided potential bidders with multiple opportunities to clarify the Request for Proposal requirements.

However, there were other concerns that led us to make two recommendations. The City should: 1) monitor complaints about impound lot accessibility to vehicle owners, and 2) work with the contractor to assess and refine the City's management reporting needs.

## Information Technology Security

We worked with the Department of Information Technology to complete a review of an information technology security issue that resulted in improved controls over the City's computer systems. We plan on conducting further work on information security issues in 2015.

## Public Safety

Throughout the year we analyzed data and provided technical assistance to the Office of Professional Accountability (OPA), the OPA Auditor, and the Community Police Commission to aid their work on various issues related to the Seattle Police Department (SPD). Our work with OPA resulted in the Police Chief requesting our office to audit SPD's use of overtime, and we initiated an audit in 2014.

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## Utility Internal Controls

We completed two audits involving the City's utility departments in 2014 and initiated another that carried over into 2015.

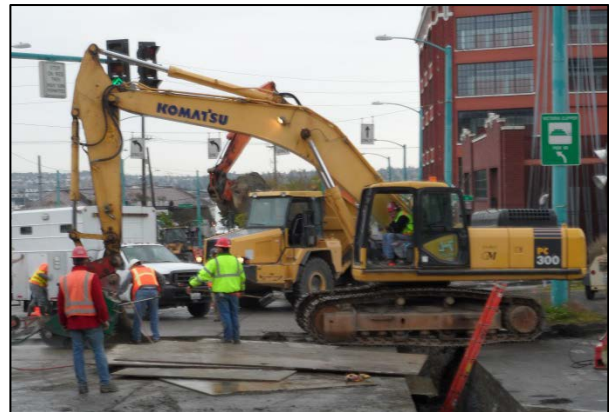
In April we issued a report with nine recommendations concerning the controls over the City's utility customer billing system, known as the Consolidated Customer Service System (CCSS), used by Seattle Public Utilities (SPU) and Seattle City Light (SCL).

In June, at the City Council's request, we worked with a consultant to complete an audit of SCL's Salvage Unit operations. The report contained 27 recommendations for how SCL could improve the controls over surplus yard assets.

The recommendations from these two reports are intended to ensure the utilities collect and deposit customer payments and take reasonable steps to protect City assets and prevent fraud.



Later in the year we initiated an audit of SCL's controls over customer billing and payments for new electrical services. We plan to complete this work in 2015.



## Financial Management

At the request of City Council President Tim Burgess, we audited the City's management of Limited Term General Obligation bonds issued for Seattle Department of Transportation capital projects.

The report contained eight recommendations covering issues such as improving communications between involved departments and the City Council by clarifying roles and improving policies and procedures for bond planning and spending of proceeds.

## Public Disclosure

We continued our work on a City Council-requested comprehensive audit of the Seattle Police Department's (SPD) process for responding to public records requests. This audit, which was published on March 16, 2015, provided 13 recommendations for how SPD could improve its processes for responding to records requestors.

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## We Championed Effective Design and Evaluation of City Programs

In response to direction from the City Council, our office continued to facilitate and be an advocate for effective design and rigorous evaluations of City programs. We are building our capacity in program evaluation through our focus in two areas that are City Council priorities: **labor standards** and **public safety**.

### Labor Standards

As requested by the City Council, we selected and monitored the work of a University of Washington (UW) research team that evaluated the implementation of the Paid Sick and Safe Time Ordinance.

The study's results were based on two surveys of over 300 randomly-sampled employers, over 80 in-depth interviews of employers and workers, and an analysis of confidential employment data from the State of Washington Employment Security Department. The study revealed that although most employers knew of the Ordinance, supported it, and were offering paid leave to full and part-time employees, there were gaps in its implementation.

For example, nearly four in ten employers (39%) reported they either do not cover all employees as required, or do not provide sufficient leave. Employees of some larger employers (those with 250 or more full-time equivalent employees) and some temporary and seasonal workers were particularly likely to lack the required amount of leave.

In 2015 we are overseeing the City Council-requested assessment of the Career Bridge program by the consulting firm MEF Associates. The Career Bridge Program assists adults facing multiple barriers to employment. This evaluation will identify the strengths and challenges faced by the program.

Finally, we worked with the City Council and the Mayor's Office to select a UW research team to begin a multi-year evaluation of the implementation and effects of the recently passed Minimum Wage Ordinance. Our office will administer the contract for this evaluation.



### Public Safety

We completed or continued work in three areas of public safety: Crime Hot Spots, Research-Based Policing Practices, and Youth Violence Prevention.

#### Crime Hot Spots:

We continued to provide technical assistance for the implementation and evaluation of the federally-funded, community-led effort for using non-arrest approaches to reduce violence that affects youth in Rainier Beach neighborhood crime "hot spots."

A member of our office helps facilitate the activities of the multi-lingual community task force for one of the five designated hot spots and assists the core team with implementation and evaluation tasks.

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## Crime Hot Spots (continued):

At the request of City Councilmember Bruce Harrell, and as a result of one of the community task force's recommendations, we collaborated with the Community Police Commission, King County Public Health, Seattle Police Department (SPD), and the UW to compile research findings and challenges for 911 callers with limited English proficiency that need police services. We plan on issuing a report in 2015.

We are also working with George Mason University researchers on another federal grant received by the City that sought to decrease crime in West Precinct youth crime hot spots. The report will be submitted to the U.S. Department of Justice's Office of Community-Oriented Policing Services in 2015.

## Research-Based Policing Practices:

We worked with researchers from George Mason University's Center for Evidence-Based Crime Policy, Arizona State University's School of Criminal Justice and Criminology, and SPD to develop a [website](#) that provides current research information on effective policing. The site also contains a case study of the extent to which SPD's current practices are aligned with research on effective policing.

## Youth Violence Prevention:

In 2014 we conducted work in five areas related to youth violence prevention.

As requested by the City Council, we provided oversight of an **evaluation of the Seattle Youth Violence Prevention Initiative (SYVPI)** by the consulting firm MEF Associates. As a result of this evaluation, the Executive is acting on all five of the recommendations to better define the City's youth violence problem, ensure effective program design, and prepare the program for rigorous evaluation.

Second, we are overseeing an evaluation by George Mason University and University of Maryland researchers on **SYVPI's School Emphasis Officers** component to ensure it is properly designed and operating. The evaluation will be completed in 2015.

Third, in response to a request from the City Council, we are working with **SYVPI's Street Outreach** provider, the YMCA, to strengthen its internal systems so it can be evaluated in the future. We have enlisted technical assistance from the National Gang Center, Durham County North Carolina's street outreach program, and leading national gang researchers from Arizona State University.

Fourth, based on our work with the SYVPI evaluations, we identified a significant juvenile crime trend not addressed by SYVPI. Our analysis showed an increase in arrests for **juvenile domestic violence** since 2008; this primarily is violence that youth perpetrate against their mothers and other family members. In response to this, we convened an inter-agency team that included SPD, the King County Prosecutor's Office, King County Juvenile Court, the King County Sheriff's Office, the Washington State Center for Court Research, and the UW. We obtained a technical assistance grant from the U.S. Department of Justice Office of Justice Programs to conduct a comprehensive assessment of juvenile domestic violence in Seattle and to develop a plan to address it.

Finally, we are collaborating with the King County Prosecutor's Office, King County Juvenile Court, and the UW School of Medicine on the design and rigorous evaluation of a pilot approach to address juvenile domestic violence that involves **alternatives to youth detention or prosecution**.

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## We Provided Timely Information for City Policy Makers

We completed eight “non-audit” research projects<sup>2</sup> that provided City decision makers with the information they needed to make informed decisions on important issues.

At the request of City Council President Tim Burgess, we obtained information from six cities on how they operated their geographic district election systems.

We also provided a report to City Councilmembers Bruce Harrell and Tim Burgess with information on: 1) practices related to police chief selection, confirmation, employment contracts, and re-confirmation in 22 cities similar to Seattle; and 2) recommended best practices in these areas from professional organizations or academics with expertise in policing, police accountability, and professionalism. The City used this information to help guide its process for selecting Seattle’s new Police Chief.

As part of our work on the City’s Paid Sick and Safe Time Ordinance, at the request of Councilmember Nick Licata, we completed a report that provided information about unions’ use of their legal right to arrive at a collective bargaining agreement with an employer that waived compliance with the Ordinance’s requirements.

Our office also coordinated and documented the work of the interdepartmental team that oversaw a consultant’s operational, management, and efficiency analysis of the Seattle Department of Transportation (SDOT). In an April 2014 memo, the team recommended that SDOT: 1) conduct a pavement condition survey of non-arterial streets and 2) develop a centralized “dashboard” of its key performance measures. SDOT agreed with both recommendations, and has implemented a dashboard. SDOT’s dashboard was used as a model by other departments in the creation of a new City website: [www.performance.seattle.gov](http://www.performance.seattle.gov).

Finally, also at the request of Councilmember Licata, we hired a consultant to examine a sample of residential real property mortgage loan documents for residences in selected Seattle neighborhoods to determine whether they were valid and adhered to Washington State law. This report will be completed in 2015.

### Certified As Meeting Stringent Professional Auditing Standards

After conducting a thorough review, a team of three auditors independently selected by the Association of Local Government Auditors (ALGA) concluded on November 21, 2014 that our office operated in compliance with Government Auditing Standards during the period of August 1, 2011 through October 17, 2014. The Government Auditing Standards are issued by the U.S. Comptroller General to provide a framework for performing high-quality audit work with competence, integrity, and independence. This is the second ALGA Peer Review the Office of City Auditor has passed since David Jones became City Auditor in 2009. The next review will occur in 2017.

<sup>2</sup> This section does not describe all eight of the non-audit projects we completed in 2014. Some of them are described in other sections of this report. Appendix 1 indicates whether a completed 2014 project was a non-audit project or a performance audit.

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## Office of City Auditor Staff

During 2014 the Office of City Auditor was budgeted for 9.5 full-time equivalent employees. The following is a list of our employees:

- David Jones, City Auditor
- Mary Denzel, Deputy City Auditor
- Cindy Drake, Assistant City Auditor, Quantitative Methods Specialist
- Claudia Gross-Shader, Assistant City Auditor, Research Liaison
- Jane Dunkel, Assistant City Auditor
- Marc Stepper, Assistant City Auditor, Utility Auditor Specialist
- Megumi Sumitani, Assistant City Auditor
- Robin Howe, Assistant City Auditor, Internal Controls Manager
- Virginia Garcia, Assistant City Auditor
- Melissa Alderson, Office Manager

## Ideas for Audits Welcomed

We welcome suggestions for future work our office could perform that will help the City of Seattle. Please contact our office if you have any questions or suggestions. We can be reached by telephone at (206) 233-3801, or via email at [seattle.auditor@seattle.gov](mailto:seattle.auditor@seattle.gov). Our mailing address is PO Box 94729, Seattle, WA 98124-4729.

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## 2014 Completed and Ongoing Performance Audits and Non-Audit Projects

### Completed in 2014

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1. Operational, Management, and Efficiency Analysis of the Seattle Department of Transportation, April 2, 2014 – memo prepared by the SDOT Review Interdepartmental Team (non-audit project)
2. Research on How Similar Cities Operate Their District Election Systems, April 8, 2014 (non-audit project)
3. Implementation and Early Outcomes of the City of Seattle Paid Sick and Safe Time Ordinance, April 22, 2014 – prepared by a research team from the University of Washington (non-audit project)
4. Assessment of Consolidated Customer Service System (CCSS) Transaction Controls Policies and Procedures, and Associated Results from Our CCSS Data Mining Project, April 29, 2014 (performance audit)
5. Status Report on Implementation of Office of City Auditor Recommendations as of December 2013, April 30, 2014 (non-audit project)
6. City of Seattle RFP Process for Vehicle Impound Management Services, May 20, 2014 (performance audit)
7. Research on Police Chief Search and Selection Process, May 22, 2014 (non-audit project)
8. Union Waivers of Seattle's Paid Sick and Safe Time Regulations, May 28, 2014 (non-audit project)
9. Seattle City Light Salvage Unit Fraud Risk Audit, June 6, 2014 (performance audit)
10. Seattle's Paid Sick and Safe Time Ordinance Enforcement Audit, October 17, 2014 (performance audit)
11. Supporting a Future Evaluation of the Seattle Youth Violence Prevention Initiative, October 24, 2014 (non-audit project)
12. What Works in Policing? A Review of the Research Evidence and Seattle Police Department Case Study, November 10, 2014 (non-audit project)
13. Audit of a City of Seattle Information Technology Security Issue, December 18, 2014 (performance audit)
14. Seattle Department of Transportation Bonds Management Audit, December 22, 2014 (performance audit)



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## Ongoing as of December 31, 2014

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1. Seattle Police Department Public Disclosure Process - completed March 16, 2015 (performance audit)
2. Seattle City Light Customer Billable Projects (performance audit)
3. Information Technology Security Issue (non-audit project)
4. Audit Risk Assessment of the Department of Finance and Administrative Services (non-audit project)
5. Minimum Wage Evaluation (non-audit project)
6. Mortgage Documents (non-audit project)
7. Parks Department Leases and Concessions (performance audit)
8. Seattle Police Department Overtime Controls (performance audit)
9. Status Report on Implementation of Office of City Auditor Recommendations as of December 2014 (non-audit project)
10. Juvenile Domestic Violence (non-audit project)
11. Evaluation of the Career Bridge Program (non-audit project)
12. COPS Grant Project in West Precinct (non-audit project)
13. Bryne Grant Project for Non-Arrest Approach to Rainier Beach Youth Crime Hot Spots (non-audit project)
14. Seattle Youth Violence Prevention Initiative School Emphasis Officers (non-audit project)
15. Seattle Youth Violence Prevention Initiative Street Outreach Action Plan (non-audit project)
16. Challenges with 911 Calls for Limited English Proficiency Populations in Seattle (non-audit project)