

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**City of Seattle**  
**King County**

Report Date  
**May 13, 2014**

**Report No. 1011909**

Issue Date  
**May 22, 2014**



**Washington State Auditor**  
**Troy Kelley**

Independence • Respect • Integrity



## Washington State Auditor Troy Kelley

May 22, 2014

Mayor and City Council  
City of Seattle  
Seattle, Washington

### *Report on Accountability*

We appreciate the opportunity to work in cooperation with your City to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the City of Seattle's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

**TROY KELLEY**  
STATE AUDITOR

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King County  
May 13, 2014**

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# Audit Summary

**City of Seattle  
King County  
May 13, 2014**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Seattle from July 1, 2012 through June 30, 2013.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Customer revenues:
  - Parks Department: aquatics, golf, facilities
  - Transportation: permit revenues
- Human resource and payroll processes:
  - Personnel, City Light, Police, Transportation, Library
- Expenditures – payments to service providers or nonprofits
- Funding of self-insurance activities:
  - Medical, worker’s compensation, unemployment benefits
- Eligibility for child care subsidy programs
- Controls to ensure departments perform biennial inventories of capital assets
- Third-party credit card receipting

## ***RESULTS***

In the areas we examined, the City’s internal controls were adequate to safeguard public assets. The City also complied with state laws and regulations and its own policies and procedures in the areas we examined.

## Related Reports

**City of Seattle  
King County  
May 13, 2014**

### ***FINANCIAL***

Our opinion on the City's 2012 financial statements is provided in a separate report dated June 28, 2013, which includes the City's financial statements. That report includes findings for significant deficiencies in internal controls over financial reporting by Seattle City Light and Seattle Public Utilities. This report is available on our website, [www.sao.wa.gov](http://www.sao.wa.gov).

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the single audit report dated September 30, 2013. That report includes three findings regarding internal controls over and compliance with requirements applicable to Weatherization Assistance, Supportive Housing, and Port Security grants. This report is available on our website, [www.sao.wa.gov](http://www.sao.wa.gov).

## Description of the City

**City of Seattle  
King County  
May 13, 2014**

### ***ABOUT THE CITY***

The City of Seattle is the largest city in King County and the state, with a population of over 600,000 citizens. The City has a Mayor-Council form of government with nine elected Council Members, an elected Mayor and an elected City Attorney.

The City's budget for 2013 was about \$4.07 billion, including \$948.6 million for the general fund. It has approximately 11,000 employees and provides a full range of services including water, drainage and wastewater, solid waste, electric power, police, Municipal Court, fire, emergency medical, parks and recreation (including four golf courses), planning and economic development, and municipal libraries.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Mayor  
City Council:

Michael McGinn  
Sally Bagshaw  
Tim Burgess  
Sally J. Clark  
Richard Conlin  
Jean Godden  
Bruce Harrell  
Nick Licata  
Tom Rasmussen  
Mike O'Brien  
Peter S. Holmes

City Attorney

### ***APPOINTED OFFICIALS***

Director of Finance

Glen M. Lee

## ***CITY CONTACT INFORMATION***

Address: City of Seattle  
Department of Finance and Administrative Services  
700 Fifth Avenue, Suite 4300  
P.O. Box 94669  
Seattle, WA 98124-4669

Phone: 206-684-8334

Website: [www.seattle.gov](http://www.seattle.gov)

## ***AUDIT HISTORY***

We audit the City annually. The current accountability audit report was free of findings. The past five accountability audits reported six findings. The past five financial and federal grant compliance audits reported 13 and 14 findings each, respectively. The Status of Prior Audit Findings section of this report discusses the City's progress in addressing the most recent accountability audit finding. The City's management is responsive and respectful of our recommendations.

## Status of Prior Audit Findings

City of Seattle  
King County  
May 13, 2014

The status of findings contained in the prior years' audit reports of the City of Seattle is provided below:

- 1. The Seattle Center does not have sufficient internal controls over parking revenues to ensure all funds due have been received and to prevent or detect misappropriation or loss.**

Report No. 1009917, dated May 21, 2013

### Background

We noted the Seattle Center garage internal control focus has been on delivering receipted cash to the bank, with little evidence to suggest any focus on ensuring payment is collected and receipted. We found the Center's processes do not ensure parking customers pay for parking, monitoring is not in place to ensure all parking fees are receipted and accounted for and employees can and do override system controls at the two garages with automated parking systems.

### Status

The City provides the following description, which we did not confirm. We will consider follow-up procedures in future accountability audits.

*The State Auditor's Office recommended a number of areas in which the department's revenue receipting and monitoring practices could be improved. In response, the department has taken a number of affirmative steps to respond to the audit findings to strengthen the integrity of its procedures.*

*Specific examples of steps taken by Seattle Center to address recommendations in the audit report include:*

- Increased efforts to limit "unaccounted for" tickets – The department has changed its ticket issuing procedures to reduce the number of unreconciled tickets.*
- Improved Oversight of Revenue – The department relocated the Transportation sales office from a remote location to a centralized location to improve oversight.*



- **Increased monitoring of parking revenue receipts** – The department has redesigned its monthly reconciliation process. Parking attendants are now required to record all access card/permit purchases with enhanced payment detail. Records are reconciled by the Parking Manager and then reviewed by the Accounting Manager.
- **Regular review of parking pass accounts** – The department has instituted a regular review to deactivate expired access cards.
- **Installation of additional revenue control equipment** – New payment station equipment is being ordered and is scheduled to be installed in the department's First North Garage by the end of 2014. This equipment will improve revenue control and address audit findings related to monitoring parking revenue control in this facility. In the interim, the department has also increased spot checks for valid permits in this facility.
- **Discontinuation of manual override of garage gates** – All manual overrides have been eliminated except in the case of equipment malfunction or emergency. A log of manual overrides is now being kept to document occurrences.
- **Enhanced monitoring of employee access** – Implemented a log sheet of gate opening utilizing parking attendant's access cards. Log sheet reviewed weekly by Parking Manager.
- **Revised staffing patterns** – The department has changed employee scheduling to minimize opportunities for entries during unattended parking operations.
- **Staff training** – Provided Excel training to staff to increase skill and accuracy of monthly sales records.

We continue to review procedures to find the appropriate balance between operational efficiency, customer service and revenue control.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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**Chief of Staff**  
**Director of Performance and State Audit**  
**Director of Local Audit**  
**Deputy Director of State Audit**  
**Deputy Director of Local Audit**  
**Deputy Director of Local Audit**  
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**Deputy Director of Quality Assurance**  
**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Troy Kelley**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Kelly Collins, CPA**  
**Jan M. Jutte, CPA, CGFM**  
**Sadie Armijo**  
**Mark Rapozo, CPA**  
**Lou Adams, CPA**  
**Barb Hinton**  
**Thomas Shapley**  
**Mike Murphy**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Website**  
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