



City of Seattle
Seattle Public Utilities

Message from SPU Director Ray Hoffman to Regional Wholesale Water Customers:

In light of the recent arrest of a former Seattle Public Utilities employee and alleged misappropriation of funds, I believe it is important to have an open line of communication with you – our regional partners.

First of all, I would like to state this is an issue that primarily impacts Seattle's retail customers and there are no practical impacts to wholesale customers.

Furthermore, on behalf of Seattle Public Utilities, I would like assure you that we take the public's trust seriously and this type of alleged misconduct is unacceptable. It betrays what I consider to be our fundamental mission: to be sound financial stewards of the public's money.

Briefly, the following are steps that we intend to take:

We have asked the City's Finance and Administrative Services to hire a third party to assess our financial controls over development permits. We have also invited the City Auditor to provide an assessment of our financial controls to the rest of the department. I have also been keeping Mayor McGinn informed. He has instructed us to aggressively investigate and we are doing so.

While the legal process still needs to determine the guilt or innocence of the former employee who was recently arrested, we are not waiting to take additional action.

Already, since I was named Director in 2010, the department has taken a number of steps to enhance internal accounting procedures, including the introduction of more stringent controls on accounts receivables. Starting over a year ago, we have undertaken a systematic review of a decade's worth of department billing data, looking for irregularities and ways to improve our systems.

In fact, SPU's own internal initiatives are what led to the investigation that identified the current problems. But we clearly have more work to do. We are committed to putting in place additional policies and procedures to prevent these kinds of misdeeds from happening again in the future.

It saddens me that our utility's reputation has been damaged. Yet, at the same time I acknowledge that if the right internal controls had been in place, the likelihood of such a transgression would have been much smaller.

In closing, let me assure you that we will continue to keep you apprised of the actions we will be taking to restore confidence.

Ray Hoffman, Director, Seattle Public Utilities