

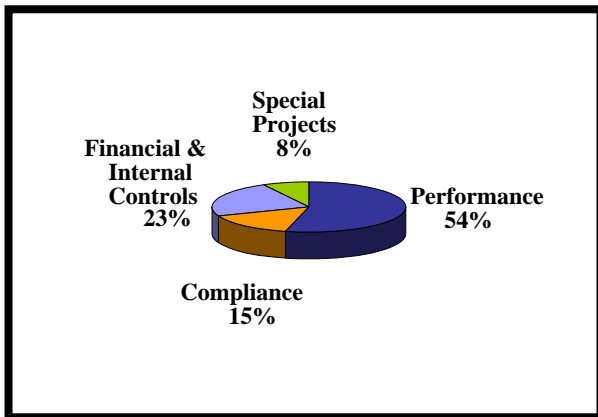


Office of City Auditor 2008 Annual Report

Office of City Auditor's 2008 Activities

As the City's internal audit organization, our role is to provide independent, objective, and useful information about City government so that City managers and policymakers can improve Seattle citizens' quality of life.

2008 Projects by Type of Audit



The primary types of work conducted by our office include: reviewing the performance of City functions; assessing the management of capital projects; determining programs' compliance with laws, regulations, or City policies; and analyzing internal controls to ensure optimal use and protection of City assets.

Performance audits provide independent, systematic examinations of the effectiveness and efficiency of organizations, programs, activities, or functions of importance to decision-makers and the public, and offer recommendations to improve government operations.

Compliance audits determine whether an entity is complying with established laws, regulations, policies, or procedures. They also identify the impact of non-compliance, and inform management of significant concerns. Auditors are also responsible for determining whether management objectives adhere to the organization's overall mission and culture.

Financial and internal control audits seek to ensure that financial and program objectives are achieved. A well-

designed internal control structure provides reasonable, but not absolute, assurance that assets are protected and records are accurate, and promotes operational efficiency along with adherence to City policies.

Construction audits focus on City processes and procedures for managing project scope, schedule, and budget, including change control processes, document management systems, contract administration, and communication processes.

Special projects are occasionally conducted in response to requests from the City Council, the Mayor's Office, department officials, or citizens.

Office of City Auditor Wins National Award



In 2008, the Office of City Auditor was awarded an Association of Local Government Auditors (ALGA) Knighton Award for its Indigent Defense Services Audit. The awards committee found the audit innovative in its approach and persuasive in its recommendations. The audit noted improvements that were needed in 17 of the 19 areas that were analyzed, resulting in 36 recommendations. Due to the persuasiveness of the audit, the auditees agreed with and were implementing almost all of the recommendations.

Summary of Projects Completed in 2008

PERFORMANCE AUDITS

External Funding of Capital Projects

Focus: Improve City practices when reviewing capital projects relying on external funding.

Results: In August 2008, the City Council’s Finance and Budget Committee met to consider new protocols for strengthening internal controls related to the development, review, and execution of contracts with external parties providing funding for City capital projects. The protocols include an expanded risk analysis to be submitted with the project fiscal note, criteria, to guide Council in the event written contracts are not obtained, and oversight by the Department of Finance to ensure that all departments implement the protocols and expanded risk analysis. The Committee is expected to decide on the new protocols in early 2009.

Special Events Permitting Process

Focus: Improve the City’s current Special Events permitting process.

Results: The Special Events permitting program could be improved by providing easily accessible program information to the public through a City website for the Special Events Office.



WaMu Family 4th at Lake Union Gas Works Park, July 4, 2007
Source: One Reel

TriData Recommendation Follow-Up Report

Focus: Conduct a follow-up review on the TriData emergency preparedness report.

Results: We found that 12 of the 26 open recommendations could be closed and we will continue to monitor the status of the remaining recommendations.

Seattle Indian Services Commission

Focus: Determine whether the Seattle Indian Services Commission’s operations were consistent with City policies and procedures.

Results: The Commission did not fully comply with the terms of its Series 2002 and Series 2004 Special Obligation Bonds; payments made to employees were not consistent with State law; and, contracting practices did not adhere to Washington State public works laws.

Summary of Seattle Indian Services Commission Compliance with Charter Mandates by Category			
Compliance Category	Full Compliance	Partial Compliance	Non Compliance
Mission and Purpose	2	0	0
Council Composition	9	1	0
Appointments to Council, Officers and Committees	12	0	0
Council Roles and Responsibilities	20	3	1
Charter Restrictions and Prohibitions	3	0	0
Charter/Rules and Regulations/Revisions	7	0	0
Administrative Roles and Responsibilities	3	0	0
Administrative Provisions	9	2	1
Other Administrative Provisions	4	0	0
Total Compliance for All Categories	69 of 77	6 of 77	2 of 77
Percent Compliance for All Categories	90%	7%	3%

Seattle’s Enforcement of Bias Crimes

Focus: Identify improvements to the City’s handling of bias crimes and incidents.

Results: Improvements identified included: improving coordination of the many anti-bias programs in different departments; expanding outreach and education efforts; increasing frequency of bias crime training for City personnel; and expanding data-gathering, reporting, and support services to victims.

Pedestrian and Cyclist Mobility

Focus: Increase street and sidewalk mobility for pedestrians and cyclists.

Results: The Office of City Auditor and Seattle's Department of Transportation (SDOT) agreed to six action items: (1) Develop a set of preferred and alternative methods for pedestrian protection based on Washington D.C.'s model; (2) Enforce Americans with Disabilities (ADA) accessibility standards for pedestrians; (3) Dedicate a street use inspector to coordinate multiple construction projects located in the same area; (4) Develop a policy for waiving inspections; (5) Require applicants for street use permits to submit a notification plan; and, (6) Make information on sidewalk closures and alternative routes available on SDOT's website.

Mercer Corridor Design

Focus: Determine the percent of design completion of the Mercer Corridor Project.

Results: We made the following recommendations to improve project reporting:

- Use fixed project schedule and budget baselines in reporting project status;
- Define and use consistent reporting terminology from report to report;
- When presenting project status information and updates, departments should be clear about how the discussion relates to the project as a whole.

COMPLIANCE AUDITS

Seattle City Light Travel

Focus: Identify controls over travel at Seattle City Light.

Results: While City Light's management controls for travel are generally sound and appropriate, we found controls could be strengthened in approving travel requests and allowing exceptions to the City's travel policy.

Broadstripe Cable Company

Focus: Assess compliance with the City's Cable Customer Bill of Rights (CCBOR).

Results: Broadstripe increased the percentage of CCBOR requirements with which they are in full compliance, from the 34 percent noted in our 2007 audit to 76 percent in 2008.

FINANCIAL AND INTERNAL CONTROL AUDITS

Transfer Stations Internal Controls Review

Focus: Assess controls of Seattle Public Utilities (SPU) Transfer Station fees. In 2006, SPU collected about \$11.3 million in Transfer Station fee revenues.

Results: SPU will: implement stronger transaction controls and monitor compliance to control procedures; work with the City's Treasury division to increase revenue recoveries by improving collections procedures; and strengthen control procedures relating to check payments accepted at Transfer Stations, transactions for customers who "skip-out" (exit without paying), and handling of delinquent accounts, to minimize these occurrences.

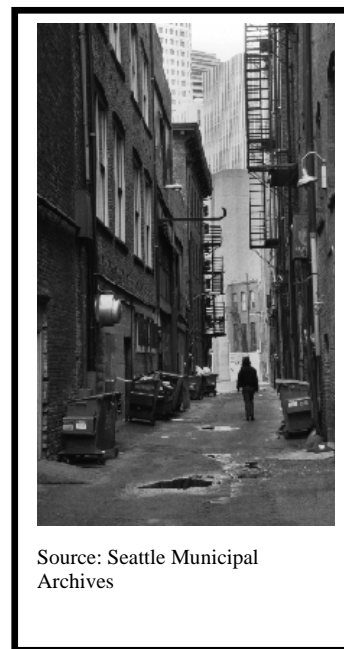


Source: Seattle Municipal Archives

Commercial Solid Waste Internal Controls

Focus: Evaluate the policies, procedures, and operations related to charging and collecting SPU commercial solid waste service fees. In 2007, SPU received over \$42 million from its 9,000 commercial solid waste customers in service fees.

Results: SPU will: improve collections procedures, which should increase revenue recoveries; have the yard-waste processing vendor change their scale house procedure for recording truck weights to address a control weakness with their process; strengthen invoice review procedures for transfer services, yard-waste processing



Source: Seattle Municipal Archives

services, and recycling processing services; and require detailed monthly complaint logs from both of its solid waste contractors. This reporting will be expanded to include complaints other than missed garbage pickups.

Citywide Collections

Focus: Review controls over delinquent accounts that are referred to a collection agency. Excluding the Seattle Municipal Court, the City annually refers over \$20 million in delinquent accounts to a collection agency.

Results: There are many opportunities for improvement and enhanced revenue recovery. For example, City departments need to refer delinquent accounts to the collection agency in a timelier manner and do a better job of providing the collection agency with the information it needs to maximize revenue recoveries.

SPECIAL PROJECTS

In 2008, our office performed the following six special projects:

- Assisting the City's Customer Service Bureau with the development and implementation of a monthly presentation for new employee orientation;
- Assisting the Customer Service Bureau and the Department of Parks and Recreation in the development and implementation of a Parks' customer service survey and workshop;
- Assisting the Customer Service Bureau and the Department of Executive Administration with the development and implementation of a customer service workshop for their senior management teams;
- Assisting the Customer Service Bureau and the Personnel Department with the development and implementation of a workshop for young City professionals;
- Assisting the Seattle Public Utilities (SPU) Human Resources (HR) Division in developing and conducting an instant polling session on HR team issues; and
- Assisting the SPU Director's Office in the development and implementation of a team connectivity workshop and follow-up survey.

OUR 2009 WORK PROGRAM

We welcome your suggestions for our 2009 work program.

As you consider making suggestions for our work program, please think about projects that emphasize improved service delivery, citizen satisfaction, and cost reduction. Also, please consider areas in which performance improvements are needed, and for which staff have ideas for change that may benefit from our analysis and technical support for successful implementation. During the year, we assign staff to projects using criteria such as risk, potential benefits, urgency of need, and expertise of audit staff. We look forward to hearing from you.

Projects Currently Under Way

1. Risk Assessment of the Public Development Authorities
2. Management of Trees
3. Comcast Compliance with Cable Customer Bill of Rights
4. Seattle Public Utilities (SPU) Waste Water Revenue Cycle Audit
5. SPU Water Revenue Cycle Audit
6. SPU Residential Solid Waste Revenue Cycle Audit
7. SPU Combined Utility Billing Processes
8. Cash Handling Audits (series of audits)
9. Neighborhood Traffic Calming Projects
10. District Councils
11. Security Cameras in Parks
12. Information Technology Insider Threat Risk Assessment
13. Worker's Compensation Follow-Up
14. Pipers Creek Watershed Action Plan Implementation Review
15. Review of City's 2008 Snow Storm Response
16. Department of Parks and Recreation Fee Structure

To obtain copies of the 2008 Office of City Auditor audit reports, please go to www.seattle.gov/audit or call Susan Cohen, City Auditor, at 206-233-1093.