



Office of City Auditor

2007 Annual Report

City of Seattle

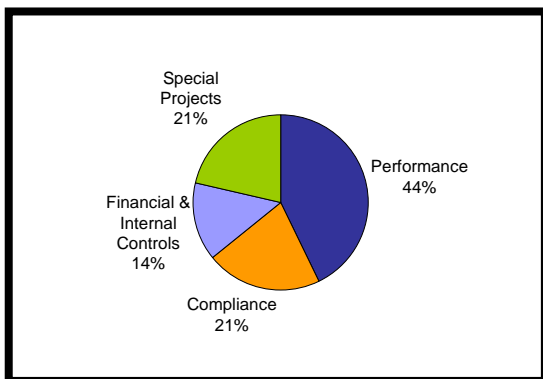
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January 16, 2008

Making A Difference

In January 2008, the Office of City Auditor celebrates its fifteenth year of serving the City Council and Seattle's citizens. During these 15 years, we have completed numerous performance, compliance, financial, and internal control audits. These audits, combined with other special projects, have significantly strengthened the City's ability to provide efficient, effective, and equitable services. We are particularly proud of our 2007 accomplishments, and offer these highlights:

- **Indigent Public Defense Services** – We analyzed 19 areas key to the delivery of high quality indigent public defense services and found that the City could improve service quality or program oversight in 17 of the 19 areas. Our recommendations pointed out three areas in particular that require immediate attention because of their direct influence on the quality of public defense services: attorney caseloads, attorney-client contacts, and the client complaint process.
- **Neighborhood Plan Implementation** – We identified the factors that contributed to the success of neighborhood plan implementation from 2000 to 2007, and suggested ways the City could improve its response to both current neighborhood plans and new rounds of neighborhood planning.



- **Housing and Land Use Code Enforcement** – We determined that Housing and Land Use Code enforcement could be improved by (1) fine-tuning the electronic case management system, (2) improving the system for documenting regulatory conditions that apply to particular properties, and (3) engaging all units of the Department of Planning and Development (DPD) in responsibility for code enforcement.
- **Parks Public Involvement** – We discussed the elements of the Department of Parks and Recreation's public involvement process at Loyal Heights Playfield that were handled poorly (i.e., administrative errors, poor facilitation, lack of clarity, and opportunities lost) and identified seven lessons learned from that process. We then collaborated with Parks to develop an action plan improving their public involvement. .
- **Fire and Emergency Response Levy Program** – We evaluated the project controls for the Fire and Emergency Response Levy Program and recommended specific improvements in the areas of contract document development, schedule management, budget management, project reporting, and document management.
- **Cable Customer Bill of Rights** – We reviewed the extent to which the cable company Millennium Digital Media (MDM) complied with the City's Cable Customer Bill of Rights (CCBOR). We determined that MDM fully complied with 17 of 50 CCBOR requirements, partially complied with 10, and did not comply with one.
- **Drainage Fees** – We recommended ways that delinquent Seattle Public Utilities (SPU) Drainage accounts could be better tracked, researched, and pursued, and noted that property data in the Drainage Billing System (DBS) database should be more consistently accurate so that data inaccuracies do not create billing errors and misdirection of bills that could lower Drainage revenues.

We are also pleased to report on our use of new technologies in supporting the research and data-collection work for our audits. In 2007, for our Neighborhood Plan Implementation Audit, we designed and conducted a Web-based survey to obtain data on the level of citizen awareness of neighborhood plans and plan implementation. This tool enabled us to reach over 800 respondents to obtain valuable data regarding their perceptions of the value of Seattle's neighborhood planning process.

We have also supported the work of other City departments with an instant electronic polling system that gathers information and audience feedback during public workshops and other events. Using this technology, we conducted instant polling sessions for the South Park Community Open House and the Mayor's Hand Gun Violence Prevention Summit.

Summary of Office of City Auditor's 2007 Activities

Performance Audits

Performance audits provide independent, systematic reviews of organizations, programs, activities, or functions of importance to decision-makers.

Seattle Indigent Public Defense Services

As seen in the table below, service quality or program oversight in 17 of 19 key areas of Seattle's indigent public defense program needed improvement. Many of the audit's recommendations were adopted by City Council Ordinance 122602, including attorney caseload limits, a more independent request for proposal process, and having a larger secondary public defense provider.

ISSUE	NEED TO ADDRESS (URGENCY)
1. Attorney Caseloads	RED
2. Attorney-Client Contacts	RED
3. Client Complaint Process	RED
4. Attorney Experience	N/A
5. Supervision	RED
6. Training	GREEN
7. Performance Evaluations	YELLOW
8. Investigator Use	YELLOW
9. Interpreter Use	YELLOW
10. Continuances	YELLOW
11. Case Processing Time	YELLOW
12. Dispositions	YELLOW
13. Jail Population/Length of Stay	N/A
14. Appeals	GREEN
15. Motions	GREEN
16. Probation Revocation Hearings	GREEN
17. Trial Data	YELLOW
18. ABA's 10 Principles	RED
19. Contracts Comparison	N/A

Color Legend: Red=Urgent, address immediately; Yellow=Important, but not urgent; Green=Issue requires decision or further assessment before implementation.

Improving the Efficiency and Effectiveness of Seattle's Code Enforcement

In this report we determined enforcement of Housing and Land Use Code violations could be improved by: (1) fine-tuning the electronic case management system, (2) improving the system for documenting regulatory conditions that apply to particular properties, and (3) engaging all units of Department of Planning and Development in responsibility for code enforcement.

Neighborhood Plan Implementation

In the report we critiqued the 1994-1999 neighborhood planning and 2000-2007 neighborhood plan implementation processes, and suggested ways to improve the City's responses to neighborhood plans. We also offered suggestions for improvements should the City decide to build upon its investment in neighborhood plans by updating current plans or beginning a new round of planning.

City Staffing Dedicated to Neighborhood Planning				
City Staff	1999	2003	2004	2007
Sector Managers	6.0	3.0	0	0
Division Director	0.7	0.7	.01	.01
Database Assistant	1.0	1.0	1.0	1.0
3 Geo-reps	3.0	0	0	0
Parks staff	0	Part	0	0
District Coordinator 1/5 time	0	2.6	2.6	2.6
Total NPI Staffing	10.7	7.3	3.61	3.61

¹ This position has been vacant part of the time between 2004 and 2007.



The much anticipated Neighborhood Plan Implementation Audit is unveiled at the International District/Downtown Neighborhood Committee Meeting attended by City Councilmember Sally Clark and audit staff.

Parks Public Involvement Phase 2: Case Study of Loyal Heights Playfield Renovation

We collaborated with the Department of Parks and Recreation (Parks) to develop an action plan with measures for improving Parks public involvement process. Improvements were based on our findings from a study of the Loyal Heights Playfield, which cited administrative errors, poor facilitation, lack of clarity, and opportunities lost.

Project Controls for the Fire and Emergency Response Levy Program

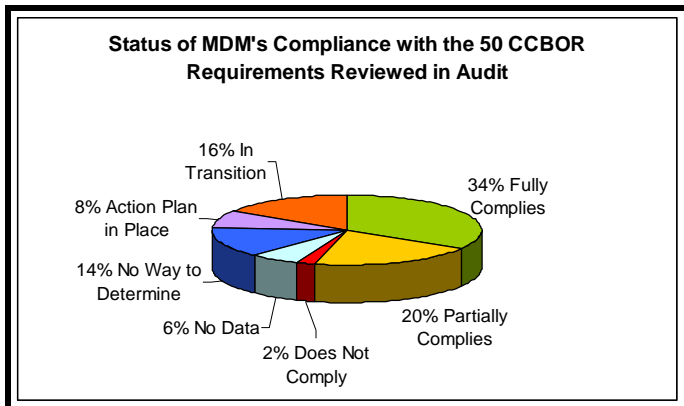
Our audit made recommendations in the areas of contract document development, schedule management, budget management, project reporting, and document management.

Compliance Audits

Compliance audits determine whether an entity is complying with established laws, regulations, policies, or procedures. They focus on an organization's compliance requirements, identify the impact of non-compliance, and inform management of significant concerns..

Millennium Digital Media (MDM) Cable Customer Audit

This project found that MDM fully complied with only 34 percent of the Cable Customer's Bill of Rights' (CCBOR) requirements.



Fleets and Facilities Vendor Invoices Audit

Based on our findings, the Fleets and Facilities Department agreed to strengthen their controls related to approval of use of contingency funds, and documentation of vendors' staff appreciation expenses.

Financial and Internal Controls Audits

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. A general rule in designing control systems is that greater risks require more extensive controls. Too little control presents undue risk of loss, while excessive control is costly. Efforts must be made to ensure that internal control costs do not exceed expected benefits.

Seattle Municipal Courts Accounts Receivable and Revenue Recovery Audit

We found that Seattle Municipal Court (SMC) does not collect or track performance measurement data for revenue recovery processes due to the limitations of its information systems; therefore, we were unable to assess or quantify the effectiveness and efficiency of SMC's revenue recovery functions compared to those of the other large municipal courts we surveyed. We also, determined SMC's information systems do not adequately support their revenue recovery and accounts receivable needs.

Audit of Seattle Public Utilities Billing & Accounts Receivable – Drainage Fees

In 2005, Seattle Public Utilities (SPU) received about \$31.6 million in Drainage fee revenues. This project identified areas, as seen in the table below, in which SPU could strengthen internal controls.

SPU Billing & Accounts Receivable - Drainage Fees Risk Matrix
Green: Low risk – Internal controls appear to be adequate
Yellow: Medium risk – It would be ideal to strengthen internal controls

Red: High risk – Internal controls should be strengthened as soon as possible

SCOPE AREAS AND ISSUES	RISK LEVEL
Billing	Yellow
▪ Variance Reporting	Red
▪ Frequency of Fee Updates to Customer Accounts	Yellow
▪ Handling of Bills "Returned to Sender"	Yellow
Payment Processing & Remittance of Payments	Green
Accounts Receivable & Delinquent Account Management	Red
▪ Tracking and Follow-Up on Delinquent Accounts	Red
▪ Remission of Interest Paid on Delinquent Accounts	Red
Customer Service, Account Adjustments, & Customer Disputes	Yellow
▪ Employee Adjustments to Drainage Fees and/or Receivables	Yellow
Information Technology	Yellow
▪ Property Characteristics Data in DBS	Red
▪ DBS System Access Rights	Yellow
Fund Accounting – Drainage Fee Revenues & Receivables	Yellow
▪ Reconciliation of Drainage Fee Receivables	Red
▪ Write-Offs of Receivables	Yellow
King County Services Performance & Billing Services	Yellow
▪ Memorandum of Agreement with King County	Yellow
▪ Outsourcing of Drainage Fee Administration Functions	Red

Special Projects and Reviews

Special projects and reviews are occasionally conducted in response to requests from the City Council, the Mayor's Office, or department officials. In 2007, our special reviews included a memorandum on the Westlake Speaker's Platform, and instant electronic polling technology sessions at the Mayor's Hand Gun Violence Prevention Summit and the South Park Community Open House.

Westlake Speaker's Platform

In the 1970s, to ensure that public spaces were included in the development of the Westlake Center Project, a voluntary association of people called the Committee for Alternatives at Westlake (CAW) sued the City to include certain provisions for public use of the outdoor public space by the purchaser of the Westlake Project. The resulting 1984 Settlement Agreement between CAW and the City included provisions for public access to a speaker's platform/balcony. Our office was asked to examine whether public access for the use of the speaker's platform/balcony is being honored. We found that the Settlement Agreement related to the Westlake Center's speaker's platform/balcony is in effect and the balcony is made available for public events. We found however, that there are some ambiguities in the Agreement that need to be clarified or updated.

Instant Electronic Polling Services



Instant polling devices were used at the South Park Community Open House in November 2007.

The Office of City Auditor has an instant electronic polling system that uses wireless keypads to collect opinions from groups and display results instantly and anonymously. This tool can be used during audits to conduct organizational self-assessments. In addition, we can also accommodate requests from City departments to use the tool. In 2007, we conducted instant polling sessions for the Mayor's Hand Gun Violence Prevention Summit, the

South Park Community Open House, and the Department of Information Technology's all-staff meeting.

Here is some feedback that we received about the use of instant polling during 2007:

"At the meeting today we could have had hours of discussion and not come to a clear idea about what the group's priorities were. But when you see the results instantly on the screen it becomes clear to everyone."

*Bob Scale, Senior Policy Analyst
Office of Policy and Management*

"Instant polling accomplishes what we've been trying to do for years: give community members an equal opportunity to have their voice and opinion heard without being drowned out by others who are more comfortable speaking up in a public setting. The software's bilingual capabilities also allowed us to work simultaneously with both English and Spanish speakers, which further equalized the voices of two groups who often have unequal access to decision making for their community. I can't wait to use it again."

*Claudia Arana, Community Development Team
Mayor's Office*

The principles of transparency and accountability for the use of public resources are key to our nation's governing processes. High-quality auditing is essential for government accountability to the public and transparency regarding linking resources to related program results. Auditing of government programs should provide independent, objective, fact-base, non-partisan assessments of the stewardship, performance, and cost of government policies, programs, and operations. Government audits also provide key information to stakeholders and the public to maintain accountability; help improve program performance and operations; reduce costs; facilitate decision making; stimulate improvements; and identify current and projected crosscutting issue and trends that affect government programs and the people those programs serve. – Comptroller General of the United States

Our Ongoing Projects and 2008 Work Program

Our overall goal in developing the office's work program is to choose projects that will help City departments improve services and citizen satisfaction, inspire positive innovations, and increase City revenues and/or reduce the City's costs. We encourage City officials and citizens to make suggestions for our work program. We consider the needs of departments, the quality of their internal controls, program funding and changes, time elapsed since the last audit, and the skills and availability of audit staff.

Projects underway or planned for 2008:

- **Bias Crimes:** Recording, processing, classification, and reporting of bias incidents and bias crimes.
- **Cable Customer Bill of Rights:** Comcast Cable and Broadstripe's compliance with the City of Seattle's Cable Customer Bill of Rights.
- **City Travel:** Controls over employee travel at Seattle City Light.
- **Citywide Collections Controls Audit:** Controls over collections functions for delinquent accounts.
- **Commercial Solid Waste Revenue Cycle Audit:** Internal controls governing the billing and collecting of SPU Commercial Solid Waste service fees.
- **Estimating Small Capital Projects:** Process for estimating the cost of small neighborhood traffic control projects.
- **External Funding of Capital Projects:** Management of public private partnership projects relying on external funding for City capital projects.
- **Neighborhood and District Councils:** Representation, responsiveness, input provided by the District Councils to City decision-making, and the City's support of the Councils.
- **Public Development Authority (PDA) Review:** PDA operations in relation to the original charter mandates and revisions.
- **Seattle Indian Commission:** The Commission's compliance with City code and charter mandates.
- **Special Events Permitting:** Effectiveness of the current permitting process.
- **Street Use Permits:** Effectiveness of the City's Street Use Permit processes.
- **Transfer Stations Revenue Cycle Audit:** Internal controls governing the charging and collecting of Solid Waste Utility Transfer Station fees.

If you have any questions or comments about the work of the Office of City Auditor, please contact Susan Cohen, City Auditor, by e-mail at susan.cohen@seattle.gov or telephone at (206) 233-1093.