

2015 Annual Report

DAVID G. JONES, SEATTLE CITY AUDITOR



Published April 1, 2016

Office of City Auditor Annual Report

The Office of City Auditor is pleased to submit its 2015 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 2015 our office made significant contributions to making the City of Seattle a better place in which to live, play, and work. A list of the reports we completed in 2015 and our ongoing projects is included at the end of this report.

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

In 2015 we completed four reports concerning the effectiveness and efficiency of City of Seattle (City) programs. These reports contained 192 recommendations that identified ways in which City programs could be improved. These reports and other projects we initiated in 2015 covered topics such as **Public Disclosure Requests to the Seattle Police Department, Parks Department Leases, Information Technology Security, Police Overtime, and Seattle City Light Financial Controls.**

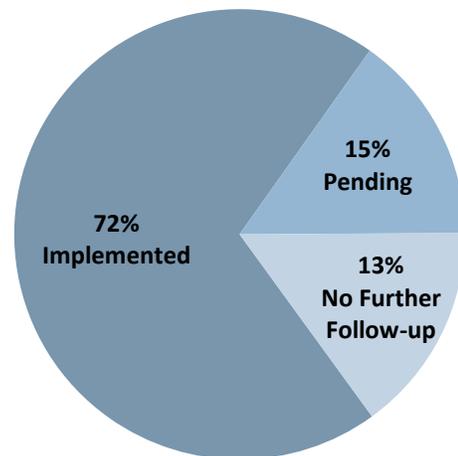
Impact of Our Work: Improved City Programs

In 2015 we continued our practice of issuing a [report](#) summarizing the implementation status of our open audit recommendations. As can be seen from the chart, 72% of our recommendations made between 2007 and 2014 have been implemented.

We strive to present useful recommendations in our reports because we believe we have an obligation to do more than simply identify problems; we believe we also need to provide potential solutions to any problems we identify. We are gratified that most of our recommendations are implemented by City departments.

These recommendations¹ resulted in a host of benefits, including cost savings, efficiencies, and risk mitigation in a wide range of areas that ultimately led to improved City programs.

2007-2014 Recommendations
Status Summary



¹ We tracked 414 recommendations contained in 44 audit reports issued from 2007 through 2014. As of December 31, 2014, 72 percent (297 out of 414) were implemented, 15 percent (61.5 out of 414) were pending, and 13 percent (55.5 out of 414) were categorized as no further follow-up planned.

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Public Disclosure

At the request of the Seattle City Council, we conducted a performance [audit](#) of how the Seattle Police Department (SPD) receives, tracks, and fulfills public records requests. SPD received almost 4,700 requests for public records in 2014. Many SPD records requests require complex searches of multiple records systems, coordination with staff throughout the department, and a careful review to ensure legal exemptions are applied accurately and all responsive records have been located. This work is further complicated by the fact that the Washington State Public Records Act, which governs the handling of requests, is often revised by the State Legislature and is continually interpreted by the courts. Furthermore, errors in handling requests can be costly, as non-compliance with the Act carries significant financial penalties, and mistakes damage public trust in SPD.

Although we identified strengths in the SPD Public Disclosure Unit's (PDU) processes, including regular communication with City Attorney staff and an experienced and dedicated manager, we also found significant gaps in the resources and systems that SPD used to process public records requests. These gaps hindered SPD's ability to ensure accurate and timely responses, provide reasonable assurance of compliance with state law, and promote transparency and public trust.

2015 Knighton Award Recipient

Our report on SPD's public disclosure process was honored with a 2015 Distinguished Knighton Award from the Association of Local Government Auditors for an audit report by a medium size audit office.

To address these gaps, we made 13 recommendations. We recommended that SPD take immediate action to: 1) create a position to allow the PDU manager to focus on supervision and process improvements, and 2) implement request management software. We also recommended SPD improve the PDU staff's access to records, redesign the PDU's process, establish performance goals, develop a staffing model for the PDU, and improve the PDU's communication with the public. SPD stated that "the recommendations in the audit report provide an excellent roadmap for continuing improvements in SPD's PDU processes." SPD has already implemented the two highest priority recommendations, and is working on the rest.

Information Technology Security

In May 2015, in cooperation with the Department of Information Technology (DoIT), our office hired and oversaw the work of a consultant who performed penetration testing of City of Seattle information technology networks. Penetration testing simulates an attack of an information technology system, and is required to be performed annually by the Payment Card Industry (PCI) Data Security Standards (DSS). Compliance with the PCI DSS is enforced annually through an intense reporting process, and organizations found not to be in compliance can receive penalties from individual payment card companies, including being denied processing privileges. DoIT coordinated with other affected City departments to address the vulnerabilities identified by the consultant. The completion of the penetration testing and subsequent remediation of vulnerabilities contributed to the City achieving PCI compliance for 2015. Future penetration testing will be led by DoIT and will help keep City security leaders informed about the current effectiveness of our security practices.

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Parks Leases and Concessions

In response to a request from Seattle City Councilmember Jean Godden, we reviewed the Department of Parks and Recreation's (Parks) oversight of its lease and concession agreements. Councilmember Godden was interested in whether Parks has proper financial procedures in place and is positioned for success as they take on Parks District Services. Specifically, we were asked to determine whether Parks: 1) is collecting the money and public benefits it is supposed to receive under current lease and concession agreements, and 2) has proper controls for the handling of its lease and concession revenues.



Green Lake Boat Rentals, one of the tenants who leases from the Parks Department.

We [found](#) that Parks' controls over the receipt and deposit of payments from its tenants could be strengthened. Processes and controls to ensure that all rent owed is paid on time should be improved. Additionally, we concluded that Parks could do more to monitor the provision of public benefits as required under its contracts. Finally, we concluded that Parks should consider changing the contract payment basis and enhance the support provided to small businesses operating solely for the purpose of activating City parks. We made seven recommendations to strengthen Parks' internal controls and enhance the efficiency of management of its leases and concessions. Parks agreed with our findings and is taking steps to implement our recommendations.

Ongoing Audits

We currently have five ongoing audits, two of which involve the Seattle Police Department (SPD). During 2015, we continued our work on an audit of SPD's management of overtime, and we expect to publish this report in early 2016.

The second audit, required by City Council Resolution 124860, concerns SPD's staffing of special events. We started work on this audit in 2016 and plan to complete it by year's end.

We are also finishing our audit of Seattle City Light's controls over customer billing and payments for new electrical services. We plan to publish this work in the first half of 2016.

The fourth audit, which was requested by City Councilmember Mike O'Brien, will examine the City's incentive zoning program, with a focus on its affordable housing benefits. We started work on this audit in 2016 and plan to complete it by the end of the year.

Finally, as requested by City Council Resolution 124175, we will determine whether the Metropolitan Improvement District (MID) is providing the services in Belltown that it committed to when the City Council voted to renew the MID in 2013. We started work on this audit in 2016 and plan to complete it this year.

Support of the Race and Social Justice Initiative

In 2015 we continued to be a partner in the City's efforts to achieve race and social equity. For every audit we use an internal Race and Social Justice Initiative (RSJI) toolkit to examine City departments and programs against the City's RSJI values of access, inclusion, and opportunity. We discuss and consider the RSJI implications of our work during audit planning and fieldwork.

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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

We conducted work in two areas related to labor standards: Reducing Barriers to Employment and the Seattle Minimum Wage Ordinance.

Reducing Barriers to Employment:

We oversaw the City Council-requested [assessment of the Career Bridge program](#) by the consulting firm MEF Associates. The Career Bridge program is designed to assist low-income men of color facing multiple barriers to employment through mentoring support, education, and job readiness training, along with “wrap-around” social services (e.g., housing, childcare, transportation). The evaluation concluded that the Career Bridge program has led to strong employment outcomes and has the potential to benefit the individuals enrolled and their communities. Program strengths include maintaining strong support from community activists and using staff that share the background and experiences of program participants. The program has already addressed some of challenges identified in the report.

Seattle Minimum Wage Ordinance:

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 administers the contract for this evaluation. A series of reports and presentations regarding the impacts of this ordinance on workers and employers is scheduled for 2016.

Public Safety

We conducted evidence-based work in three areas related to public safety: Community-Led Crime Reduction, Policing Practices, and Youth Violence Prevention.

Community-Led Crime Reduction:

We continued to provide technical assistance for the implementation and evaluation of the [Rainier Beach: A Beautiful Safe Place for Youth](#) project. This project seeks to reduce juvenile crime in five Rainier Beach “hot spots” using an evidence-based non-arrest approach. The project was federally funded through 2015 and will continue in 2016 with full funding from the Mayor and City Council. A member of our office helps facilitate the activities of the multi-lingual community task force for one of the five hot spots, assists the core team with implementation and evaluation tasks, and serves as the research liaison for the project evaluation. An evaluation of the project will be presented to the City Council in 2016.

In July 2015, our office applied for and the City received a nearly \$100,000 grant from the U.S. Department of Education to implement an evidence-based framework proven to reduce suspensions and violence and improve academic outcomes in five Rainier Beach schools. The framework, called Positive Behavioral Interventions and Supports, will be integrated with the efforts of [Rainier Beach: A Beautiful Safe Place for Youth](#) and will be used at the community center, library, public spaces, and local businesses.

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Policing Practices:

We worked with researchers from George Mason University's Center for Evidence-Based Crime Policy and Arizona State University's School of Criminal Justice and Criminology to initiate an update of our [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. The updated website is scheduled to be released in the summer 2016.

Youth Violence Prevention:

In 2015 we published three reports related to youth violence prevention. This work on youth violence prevention informed the Human Services Department's [youth violence needs assessment](#), which was published in December 2015.

First, in response to a request from the City Council, we published a [report on the City's Street Outreach services](#) for youth violence prevention. Our report encouraged the City to consider an approach several jurisdictions are using to identify those most at risk for violence and victimization and provide them with support and services.

Further the report detailed our work with the City's Street Outreach provider, the YMCA, to strengthen its internal systems so it can be evaluated in the future. Our findings regarding Street Outreach were informed by significant technical assistance that we enlisted from research partners including the National Network for Safe Communities, the National Gang Center, and leading national gang researchers from Arizona State University.



Safe Passage is a community-led non-arrest intervention of Rainier Beach: A Beautiful Safe Place for Youth.

Second, we oversaw an [evaluation](#) by George Mason University and University of Maryland researchers on the Seattle Police Department's School Emphasis Officers program.

Although the program has the potential to improve police-community relations and connect youth with non-arrest interventions, the report found the program lacked a clear structure and goals. The report provided a draft version of an operations manual for the program that, if developed by SPD, might improve the program's consistency and sustainability.

Finally, we published a [report](#) that summarized our key conclusions from our two-year, three-pronged study of the Seattle Youth Violence Prevention Initiative (SYVPI). Between 2009 and 2015, the City of Seattle spent approximately \$26 million on SYVPI. Our findings suggest that changing adult-run systems can yield positive results for youth, and support from City leaders can help ensure that efforts are focused and effective.

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We Provided Timely Information for City Policy Makers

We provided reports and presentations for City decision makers with the information they needed to make informed decisions on important issues.

Re-thinking School Discipline:

In July 2015, we organized two events at which officials from the Oakland Unified School District presented their approach to reducing suspensions and eliminating racial disparity.

The first was a well-attended [event](#) at City Hall hosted by Councilmember Bruce Harrell, and the second was an evening event at South Shore PK-8 School.

Oakland's approach includes four evidence-based components: Restorative Justice, Trauma-Informed Care, Culturally Relevant Curriculum, and Positive Behavioral Interventions and Supports. With this approach, Oakland has achieved a 47% decrease in suspensions since 2010.



City Councilmember Bruce Harrell introducing Oakland Unified School District representatives to a crowd at South Shore PK-8 School.

Adolescent Family Domestic Violence:

In April 2015, we organized a [presentation](#) for the City Council's Public Safety, Civil Rights and Technology Committee regarding a previously unrecognized trend in youth violence in Seattle. Adolescent violence against family members has grown to account for one third of new bookings to juvenile detention in King County.

We applied for and received free technical assistance from the U.S. Department of Justice Office of Justice Programs Diagnostic Center to conduct an in-depth [analysis](#) of this issue in Seattle. Additionally, our office partnered with King County on the development of a pilot program, the Family Intervention and Restorative Services (FIRS) Center to address adolescent family domestic violence without detention or prosecution. The pilot will be conducted in 2016, and our office will provide quality assurance on its evaluation.

Mortgage Documents:

At the request of City Councilmembers Nick Licata and Sally Clark, we hired a consultant to examine a random sample of Seattle residential mortgage documents from selected neighborhoods filed with the King County Recorder's Office. We asked the consultant to determine whether the owner of the mortgage could be identified and whether the documents adhered to Washington State law. The consultant produced a [report](#) and our office issued a summary cover memo.

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Feedback from Our Partners

Our office recognizes that collaboration among institutional and community partners is essential to adequately addressing complex issues such as community safety and juvenile justice.

“The partnership with the Office of City Auditor on the important issue of juvenile family violence is a representation of the remarkable things that can be achieved through collaboration, resilience, and hard work.”

- **Dan Satterberg**, King County Prosecuting Attorney

“The Office of City Auditor has been instrumental in partnering with the county in implementing a new response to juvenile domestic violence in King County.”

- **Judge Regina Cahan**, King County Superior Court, Juvenile Division

“The Office of City Auditors Office has provided effective and valuable collaboration in a multi-pronged effort to expand services and develop new approaches to address juvenile domestic violence in King County and the City of Seattle.”

- **Mary Taylor**, King County Drug Diversion Court Program Manager, Step-Up Program

“The City of Seattle Office of City Auditor is a critical partner in the success of our innovative non arrest approach to reducing youth crime...Ever present, authentic, consistent and insightful are words that describe [the Office of City Auditor’s] contributions. Initiatives such as ours, if to be successfully implemented, need partners like the Office of City Auditor.”

- **Gregory Davis**, Co-Chair, Rainier Beach Action Coalition.

"The Office of City Auditor has provided support and guidance to help us move towards securing instructional time instead of losing time due to suspension and expulsion."

- **Dr. Brent Jones**, Chief Strategy and Partnerships Officer, Seattle Public Schools

“As a result of the Office of City Auditor bringing officials from Oakland to Seattle a valuable partnership has ensued to unapologetically promote evidence-based practices that have proven to reduce suspension and eliminate racial disparity.”

- **Patricia Sander**, Executive Director Coordinated School Health, Seattle Public Schools.

“My appreciation for Office of City Auditor is immeasurable; it’s a department that shines bright in forging equity throughout Seattle.”

- **Dr. Donald Felder**, African American Male Achievement Think Tank

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Office of City Auditor Staff

During 2015 the Office of City Auditor was budgeted for 9.5 full-time equivalent employees. Long-time Deputy City Auditor and City of Seattle employee Mary Denzel retired in 2015. Her knowledge, wisdom, and calm presence will be deeply missed by everyone in our office. Cindy Drake replaced Mary as Deputy City Auditor, and Melissa Alderson moved from her position as Office Manager into an auditor position. Rhonda Lyon replaced Melissa as Office Manager.

The following is a list of our current employees:

- David Jones, City Auditor
- Cindy Drake, Deputy City Auditor, Quantitative Methods Specialist
- Claudia Gross-Shader, Assistant City Auditor, Research Liaison
- Jane Dunkel, Assistant City Auditor, Performance Audits
- Marc Stepper, Assistant City Auditor, Utilities Auditor Specialist
- Megumi Sumitani, Assistant City Auditor, Performance Audits
- Melissa Alderson, Assistant City Auditor, Performance Audits
- Robin Howe, Assistant City Auditor, Internal Controls Manager
- Virginia Garcia, Assistant City Auditor, Performance Audits
- Rhonda Lyon, 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. Our mailing address is PO Box 94729, Seattle, WA 98124-4729.

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Completed and Ongoing Projects

Completed in 2015

1. Audit of the Seattle Police Department's Public Disclosure Process, March 16, 2015
2. Juvenile Domestic Violence in Seattle: Understanding the Problem and How Best to Address It, April 29, 2015 (presentation to the City Council Public Safety, Civil Rights and Technology Committee)
3. Evaluation of the Career Bridge Program, June 16, 2015
4. Status Report on Implementation of Office of City Auditor Recommendations as of December 2014, June 30, 2015
5. Rethinking School Discipline with the Oakland Unified School District: Learn how the Oakland Unified School District (OUSD) has reduced school suspensions by 47% and is working to eliminate racial disparity, July 17, 2015 (our office organized presentations at City Hall and South Shore PK-8 School)
6. Consultant Report on Seattle Mortgage Documents Review, September 23, 2015
7. Process Evaluation of Seattle's School Emphasis Officer Program, October 14, 2015
8. Seattle Youth Violence Prevention Initiative (SYVPI): Two Key Conclusions, October 14, 2015
9. The City of Seattle Could Reduce Violent Crime and Victimization by Strengthening Its Approach to Street Outreach, October 14, 2015
10. Summary of Consultant Payment Card Industry (PCI) Penetration Testing Report, December 7, 2015
11. Department of Parks and Recreation's Oversight of Lease and Concession Agreements, December 10, 2015

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Ongoing as of April 1, 2016

1. Audit of the Seattle Police Department's Overtime Controls
2. Audit of Seattle City Light Customer Billable Projects
3. Audit of the Seattle Police Department's Staffing of Special Events
4. Audit of Incentive Zoning Program Administration
5. Audit of the Belltown Metropolitan Improvement District
6. Status Report on Implementation of Office of City Auditor Recommendations as of December 2015
7. Evaluation of the Implementation of the Minimum Wage Ordinance
8. Policing Research Website Update
9. Technical Assistance to the Rainier Beach: A Beautiful, Safe Place for Youth Project
10. Prescription Drug Safe Disposal Research Brief
11. Evaluation of Family Intervention and Restorative Services (FIRS) Center, a Juvenile Domestic Violence Non-Detention Pilot Project
12. Culturally Responsive Family Violence Prevention Research Review
13. Implementation of Street Outreach Action Plan
14. Technical Assistance to the Rainier Beach Positive Behavior Interventions and Support (PBIS) Grant Project
15. West Precinct Juvenile Crime Hot Spots Report to U.S. Department of Justice Community-Oriented Policing Services Office
16. Technical Assistance to the African American Male Achievement Project

Scheduled Future Projects as of April 1, 2016

1. Audit of the Enforcement of the Minimum Wage Ordinance
2. Audit of a Seattle City Light or Seattle Public Utilities Program