

2019 Office of City Auditor Annual Report

David G. Jones, Seattle City Auditor

Published March 27, 2020



Office of City Auditor Mission

Our mission is to help the City of Seattle (City) achieve honest, efficient management and full accountability and transparency throughout City government. We serve the public interest by providing the City Council, the Mayor, City departments, and the public with accurate information, objective analysis, and useful recommendations on how best to use public resources in support of the well-being of the residents of Seattle.

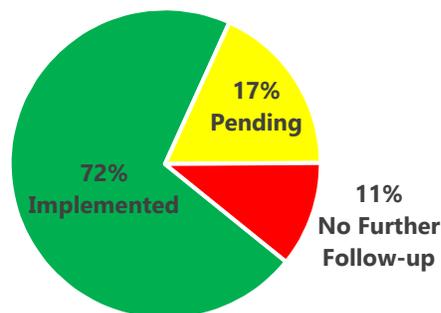
The Office of City Auditor is an independent legislative branch department that conducts performance audits and evaluations. This means we assess the effectiveness and efficiency of City operations and find ways to make them work better. We use laws and leading practices as criteria to make recommendations for improvement. Our performance audits answer questions such as: 1) Are programs achieving their intended objectives or outcomes? 2) Are services provided efficiently and/or equitably? 3) Are legal requirements and rules being met? 4) Are programs using evidence-based best practices?

Impact of Our Work: Implemented Recommendations

In 2019, we continued our annual practice of following up on our open audit recommendations and issuing a [report](#) summarizing their implementation status. As can be seen from the chart, 72 percent of our recommendations made between 2007 and 2018 have been implemented.¹

Our recommendations resulted in cost savings, recovery of previously uncollected revenue, efficiencies, and risk mitigation in a wide range of areas that ultimately led to improved City programs.

2007-2018 Recommendations
Status Summary



Certified as Meeting Stringent Professional Auditing Standards

After conducting a thorough review, a team of three auditors independently selected by the Association of Local Government Auditors (ALGA) [concluded on November 16, 2017](#) that our office operated in compliance with [Government Auditing Standards](#) from October 1, 2014 through September 30, 2017. The Government Auditing Standards are issued by the U.S. Comptroller General to provide a framework for performing high-quality audit work with competence, integrity, and independence. This is the third ALGA Peer Review the Office of City Auditor has passed since David Jones became City Auditor in 2009. The next review is currently scheduled to occur in 2020.

¹ We tracked 657 recommendations contained in 58 audit reports issued from January 2007 through December 2018. As shown in the chart below, as of December 31, 2018, 72 percent (474 out of 657) had been implemented, 17 percent (113 out of 657) were pending, and 11 percent (70 out of 657) were categorized as no further follow-up planned.

Performance Audits Completed in 2019

Review of the Navigation Team 2018 Quarter 2 Report

Published February 7, 2019

This report was produced at the request of City Councilmember Lisa Herbold on the City's Navigation Team, which is part of the City's strategy for addressing the issue of people living unsheltered in Seattle.

Our report assessed the Executive's Quarter 2 response to the [Navigation Team reporting plan](#), which is a plan produced by our office in 2017 with 14 reporting checkpoints designed to help keep the City Council informed about the Navigation Team's work. The Executive's Quarter 2 responses covered four checkpoints. We identified issues in each checkpoint area, including:

- Providing outreach to newly unsheltered individuals is a gap in the City's current approach.
- The City does not currently use a robust systematic approach for managing homeless outreach field operations.
- Outreach providers need direct access to diversion resources to better serve newly unsheltered individuals.
- Gaps exist in prioritizing hygiene for unsheltered individuals.
- Opportunities to use hygiene as a gateway to other services could be informed by practices in other jurisdictions.
- The Executive does not currently have plans for a rigorous independent evaluation of the Navigation Team approach.

As a result of this work, the Seattle City Council approved funding for mobile pit stops, increased hours for showers at Seattle Parks Department facilities, and passed a proviso requiring the Executive to follow-up on all the Navigation Team recommendations.

Seattle Public Utilities New Taps Billing and Controls Review

Published March 29, 2019

We audited Seattle Public Utilities' (SPU) recalculations of "new taps" charges that were billed over a three-year period. New taps are newly installed water services for residential, commercial, and industrial customers. SPU began these recalculations after discovering that some customers had been overcharged for new taps installations.

We tested a sample of SPU's recalculations and found one error, which SPU addressed and corrected. We also assessed whether SPU had adequate controls in place to ensure future new taps billings are accurate.

We recommended that SPU update policies and procedures, implement key internal controls, and provide training to all relevant personnel. SPU management agreed with the recommendations and implemented them in 2019.

Review of Hate Crime Prevention, Response and Reporting in Seattle: Phase 2 Report

Published May 9, 2019

At the request of City Councilmember Lisa Herbold, we audited the City's handling of hate crimes and issued an initial [report](#) on this topic in 2017. This second report examines prosecuted hate crimes, identifies areas where hate crimes are concentrated, and uses community feedback and best practices to offer ways to strengthen the City of Seattle's efforts to prevent, respond to, and report hate crimes.

In this second report, we found:

- Reported hate crimes and incidents in Seattle have increased dramatically since 2012, and the Seattle Police Department (SPD) refers about a third of hate crimes for prosecution.
- Hate crimes are concentrated in high traffic areas, areas of dense demographic diversity, and along the borders of racially diverse neighborhoods.
- Community organizations reported that hate crimes are a significant issue, some populations are more vulnerable, underreporting is a concern, and more support from the City is needed.
- SPD does not have enough data to evaluate their hate crime response and prevention efforts.

We recommended that SPD improve the way hate crime data is documented in their records management system, and then create policies and procedures that support these changes. SPD should also explore ways to partner with community organizations that are seeking more support in preventing and responding to hate crimes. Finally, we recommended that SPD evaluate and measure the results of their hate crime efforts, and that King County and the City of Seattle make data on prosecuted hate crimes available to the public.

City of Seattle Financial Condition 2017

Published May 13, 2019

As required by Ordinance 125204, we published a second report on the City's financial condition based on selected financial and economic indicators. In September 2017, we issued our [first report](#) on the City's financial condition.

Overall, the City of Seattle financial and economic indicators we present in this report are positive. Revenues have exceeded expenses for the last ten years. The City maintains a high liquidity ratio, meaning that it has enough funds available to pay short-term bills. The City's general obligation bonds have the highest credit rating possible from the three major rating agencies.

As of January 1, 2018, the City's main employee pension plan, the Seattle City Employees Retirement System 1, had a ratio of assets to liabilities of 69.9 percent. Pension industry experts consider a healthy ratio to be from 80 to 100 percent. In recognition of this, the City is working towards fully funding its actuarial accrued liability by the end of 2042.

The City is committed to maintaining fund reserves and has two funds to address unanticipated events or declines in revenues. The City's revenues are diversified, which affords some protection from economic downturns. However, major downturns in the national or local economy that significantly affect local business or construction activity would decrease the revenues available to the City. City economists note that the national economic forecast predicts a slowing of growth in 2020. City leaders should consider this forecast and its potential impact on City revenues when planning for new or expanded programs.

Seattle Fire Department – Special Event Cost Recovery

Published July 24, 2019

We performed this audit to examine the Seattle Fire Department's (SFD) cost recovery rates for staffing at billable special events and its process for determining whether an event is billable.

For billable events, we found that SFD's service agreements with event promoters recover most of the wages paid to SFD personnel and the other direct costs of providing staffing to events. In 2018, SFD recovered about 96 percent of wage and benefit costs for personnel working at billable events. Opportunities to increase cost recovery of wages and benefits include billing for the portion of Workers' Compensation insurance that is associated with special event work and billing for all hours worked at special events.

The one area in which SFD currently does not recover significant event-related costs is the number of planning and administrative hours spent by both uniformed and civilian personnel before and after events. We estimated at least \$180,000 in planning and administrative costs related to billable special events in 2018.

We found that there are no criteria in the Seattle Municipal Code that provides guidance to SFD about when to bill event promoters for staffing, and SFD is not fully consistent in the types of events that are billed. Finally, we found that SFD has developed good controls for billing for staffing at special events; however, we also identified some instances in which those controls were not followed.

Our report includes six recommendations that could increase SFD's recovery of costs directly related to staffing special events or strengthen controls over invoicing. We also recommend that SFD, the Seattle City Council, and the Seattle Mayor's Office work together to develop objective criteria on the types of special events that should be charged for SFD staffing.

Seattle Minimum Wage Enforcement Audit

Published December 16, 2019

In response to City Council Resolution 31524, we published an audit assessing the effectiveness of the Office of Labor Standard's (OLS) enforcement of the Seattle Minimum Wage Ordinance and other labor standards laws. Studies have shown that certain industries are more susceptible to violations of minimum wage and other labor standards laws. From a race and social justice perspective, it is essential that OLS is efficient and effective in its enforcement of the City's labor standards laws.

We found that OLS' strategic enforcement efforts could be strengthened by:

- Improving the tracking and analyzing of inquiry and investigation data to assist in prioritizing enforcement areas,
- Increasing the use of enforcement tools by strengthening City labor standard ordinances and OLS policies and practices,
- Reporting of additional performance metrics, including the assessment of civil penalties and fines to the City, completed directed investigations, and days to investigate and close cases,
- Working with outreach contract providers with close ties to workers to develop industry specific and legal expertise to assist OLS' enforcement efforts,
- Clarifying its enforcement processes on its website and providing this information and inquiry form in multiple languages, and
- Developing a comprehensive outreach strategy and increasing its oversight of outreach contract providers.

We made 14 recommendations to strengthen OLS's enforcement efforts.

Evaluations and Other Projects

The Evaluation of Seattle's Secure Scheduling Ordinance: Year 1 Findings

Published December 20, 2019

Seattle's Secure Scheduling Ordinance (125135) went into effect on July 1, 2017. The law regulates workers' schedule predictability and covers hourly workers at large retail and food service establishments. The Ordinance called for an evaluation of the law's impacts in the first and second years after passage.

Our office convened a team of academic researchers with expertise in employee scheduling from the University of Chicago, University of California Berkeley, University of California San Francisco, Rutgers University, and the University of Washington's West Coast Poverty Center. The evaluation team completed its [baseline report](#) in March 2018 that documented workplace conditions before implementation and highlighted issues on which the impact evaluation should potentially focus.

In 2019 we published a Year 1 evaluation consisting of two complementary parts: a Worker Impact Study and an Employer Implementation Study. The Year 2 study will explore how the experiences of workers and employers change as the process of aligning practices with the secure scheduling ordinance continues.

The Worker Impact Study found:

- The secure scheduling ordinance increased the share of workers receiving their schedules at least 14 days in advance by 20 percent.
- Although the secure scheduling ordinance did not lead to a decline in employer-initiated shift changes, the ordinance more than doubled the share of workers who were compensated with predictability pay when these shift changes did occur.

During the first year of implementation, the secure scheduling ordinance had not generated significant changes in reported work hours or in reports of "clopening" (closing and opening shifts that are spaced by less than 10 hours), on-call, or cancelled shifts. The Employer Implementation Study found:

- Nearly all managers interviewed were familiar with the ordinance, but many reported that they still lack sufficient knowledge to fully and consistently comply with the ordinance.
- Managers' scheduling practices were most strongly aligned with ordinance provisions regulating advance schedule notice, shortening or cancelling shifts, and shift spacing; practices were less strongly aligned with provisions around documentation, offering newly available hours to current employees, and providing written good-faith hours estimates.
- Managers expressed substantial confusion as to when a schedule change requires predictability pay.

The changes detected in the first year of implementation suggest that the law is affecting some key aspects of both employers' scheduling practices and workers' scheduling experiences; additional changes might occur as implementation progresses.

Gun Safe Storage Ordinance: Baseline Statistical Report

Published October 2, 2019

As required by [Ordinance 125620](#), our office will work with Public Health - Seattle & King County (PHSKC) and the Seattle Police Department (SPD) to produce a series of reports over a five-year period with descriptive statistics on firearm-related hospitalizations and deaths, and stolen guns reported by or recorded by SPD. This first report provides baseline information (i.e., before the ordinance took effect) from 2017 on those two topics.

Rainier Beach

Rainier Beach: A Beautiful Safe Place for Youth

We continue to provide technical assistance in the implementation and evaluation of [Rainier Beach: A Beautiful Safe Place for Youth \(ABSPY\)](#), a community-led, place based approach to reducing youth victimization and crime in the Rainier Beach neighborhood. ABSPY focuses on five “hotspots” in the Rainier Beach neighborhood where crime has been highly concentrated. These are 1) Rainier Avenue South & South Henderson Street, 2) Rainier Avenue South & South Rose Street, 3) the Rainier Beach light rail station, 4) Lake Washington Apartments, and 5) the Rainier Beach Safeway shopping area.



Corner Greeters activate the hotspots by hosting pop-up events

Rainier Beach Campus Safety Continuum

Our office serves as co-investigator with George Mason University’s Center for Evidence-Based Crime Policy on a research grant funded by the U.S. Department of Justice’s National Institute of Justice, which continued its implementation phase in 2019. This grant is intended to reduce school discipline and youth exposure to the criminal justice system in Rainier Beach. It adapts evidence-based frameworks from the field of education that improve school climate and reduce suspensions and expulsions — Positive Behavioral Interventions and Supports (PBIS) and Restorative Practices (RP).

This grant is the first in the nation to expand PBIS to community settings and will involve an assessment of whether the integration of these two frameworks can improve school climate and overall rates of youth crime and community safety.



One of four billboards in Rainier Beach that displays the community’s values: Be Safe, Be Respectful and Be Responsible

Major activities from 2019 include:

- Held over 4,000 classroom Peacemaking Circles at three Rainier Beach schools.
- Began Peacemaking Circles regularly at Rainier Beach Community Center.
- Worked with Seattle Channel to produce four videos describing our work:
 - [Great Expectations for All: Implementing PBIS in Rainier Beach Schools](#)
 - [United Campus: Building a Safe, Respectful and Responsible Community](#)
 - [Universal Positive Environments](#)
 - [Peace Circles in Rainier Beach](#)
- Continued the PBIS public information campaign with billboards, yard signs, and orientations (see above)

Sweetened Beverage Tax Ordinance

On June 6, 2017, the Seattle City Council passed Ordinance [125324](#) imposing a tax on engaging in the business of distributing certain types of sweetened beverages. The ordinance requires our office to contract with academic researchers for an annual evaluation of the tax's effects. In July 2017, our office contracted with Public Health Seattle & King County to oversee a research team that would conduct the evaluation of the sweetened beverage tax. Public Health contracted with the University of Washington and Seattle Children's Research Institute to help it conduct the evaluation. The evaluation team produced a [baseline report](#), published in August 2018, that provides information on conditions before the implementation of the tax in Seattle. The following provides summaries of additional reports issued by the evaluation team in 2019.

[Healthy Food Availability & Food Bank Network Report](#)

Published February 25, 2019

This report identified and assessed food deserts in Seattle, to determine the effectiveness and efficiency of the food bank network in the city. The report found that:

- Access to healthy food includes five dimensions of access: availability, accessibility/convenience, affordability, acceptability, and accommodation.
- Healthy food priority areas are clustered near Seattle's southern boundary around the Duwamish waterway.
- Larger food stores are more likely to carry healthy food items compared to smaller food stores.
- About 13 percent of Seattle adults experience food insecurity (not having enough money for food); Seattle families with children experienced higher rates of food insecurity.
- In general, people of color, lower-income, less educated, and those who identified as lesbian, gay, or bisexual more commonly reported experiences of food insecurity.
- In 2017, about 13,400 Seattle residents experienced food insecurity, yet made too much income to qualify for food assistance benefits.
- Seattle food bank representatives described an increase in need, and clients of food banks expressed the desire for consistent access to quality food such as fresh produce and proteins.

[6-Month Store Beverage Prices Audit](#)

Published January 7, 2019

This report summarized the mid-year results of an assessment of whether the sweetened beverage tax is passed on to consumers via higher retail prices of taxed beverages. The research team also studied whether the price of non-taxed beverages would increase because distributors and retailers may choose to spread the cost of the tax over a variety of products.

Before the tax was implemented, the team surveyed pre-tax prices of beverages that would be subject to the tax and beverages that would not be subject to the tax, using in-person store audits. About six months after the tax was implemented, the team repeated the store audits.

This study found that the tax on sugary beverages incurred by distributors was being passed through to consumers via higher retail prices of these beverages. On average, prices increased for nearly all beverage types subject to the tax. Price increases differed by beverage type and by store type. There was a 97 percent price pass-through of the tax on average.

In Seattle, all beverages subject to the tax increased significantly in price, except for the caloric flavor-syrup add-on at coffee shops. The average pass-through rate by beverage type for beverages subject to the tax ranged from 62 percent for bottled sugary coffee beverages to 111 percent for energy beverages. The price of bottled water did not increase and, in the majority of store types, the price of milk also did not increase.

Office of City Auditor Staff

During 2019 the Office of City Auditor was budgeted for 10 full-time equivalent employees (FTEs), with an additional .6 FTE funded by a federal grant for the Rainier Beach Campus Safety Continuum project.

David G. Jones, City Auditor
Sean DeBlieck, Deputy City Auditor
Rhonda Lyon, Office Manager
Claudia Gross Shader, Assistant City Auditor
Hana Mohamed, Strategic Advisor
Jane Dunkel, Assistant City Auditor
Marc Stepper, Assistant City Auditor
Megumi Sumitani, Assistant City Auditor
Melissa Alderson, Assistant City Auditor
Robin Howe, Assistant City Auditor
Virginia Garcia, Assistant City Auditor

Our Standards of Work

Our work is performed in accordance with the [Government Auditing Standards](#) issued by the Comptroller General of the United States. These standards provide guidelines for staff training, audit planning, fieldwork, quality control systems for audit work, and reporting of results. In addition, the standards require that independent external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.

Ideas for Audits Welcomed

We welcome suggestions for future work our office could perform. 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.