

City of Seattle

Office of City Auditor



Susan Cohen, City Auditor

May 8, 2003

The Honorable Greg Nickels
Seattle City Councilmembers
The City of Seattle
600 Fourth Avenue
Seattle, WA 98104

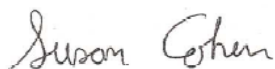
Dear Mayor Nickels and Councilmembers:

I am pleased to present the Office of City Auditor's Ten-Year Anniversary Report. This report describes the audits and studies completed since the Office of City Auditor was established in 1993. The report also includes a brief introduction describing our mission, objectives, and professional work standards, and a chronology of office milestones.

Since 1993, we have completed 117 audits and studies, and more than 75 consulting engagements and training sessions. As of mid-year 2003, we have already published seven audit studies, including reviews of the City's complaint resolution processes, low-income rate assistance programs, Office of Housing staffing, and the Office of Hearing Examiner's organizational structure.

Please contact me at 233-1093 if you have any questions, or would like additional information regarding this report or other reports produced by our office. Please note that most of our published reports are posted online at <http://www.seattle.gov/audit>.

Sincerely,



Susan Cohen
City Auditor

SC:tlb

Enclosure

**OFFICE OF CITY AUDITOR
TEN-YEAR ANNIVERSARY REPORT**

MAY 8, 2003

Susan Cohen, City Auditor

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Seattle, Washington 98104-5030



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Introduction

Citizens today expect government officials and agencies to accurately account for public funds and provide assurance that the funds are used efficiently and effectively to achieve desirable results. In 1993, Seattle followed the example of many other cities in meeting these objectives by establishing the position of an independent, appointed City Auditor to examine the accuracy of accounts; inspect the receipt, safekeeping and disbursement of public funds; and audit the efficiency and effective performance of City government.¹

The Office of City Auditor's primary role is to provide independent information and evaluate City policies, practices, and expenditures. Our primary objective is to help the City manage and account for the use of public funds honestly, efficiently, and effectively by providing citizens, the Mayor, City Councilmembers, and City managers with accurate information, unbiased analysis, and objective recommendations on how to best use public resources. In performing our work, we emphasize:

- Improvements to the City's management accountability systems, which are critical to maintaining accurate accounts, and accurate records and reports, and properly safeguarding and disbursing public funds; and
- Recommendations to increase the City's efficiency and effectiveness, and to enhance the City's efforts to use optimal public administration techniques.

To promote independence, the City Auditor is appointed to a six-year term of office, subject to termination only for cause and by a majority vote of the City Council. The City Auditor determines the work program after soliciting and considering input from citizens, elected officials, department heads, and City employees.² The City Council has also granted the City Auditor the authority to compel City departments to supply access to all accounts and records.

Our staff consists of a diverse group of professionals, well versed in financial and performance auditing.³ Our educational backgrounds include accounting, finance, public and business administration, construction management, and information systems. Our work experience includes public accounting, budgeting, and auditing; private sector management; and federal, state and local government management. We are committed to performing high-quality work that is objective, independent, timely and accurate.

Our office adheres to the demanding professional requirements that the United States General Accounting Office has established for governmental auditing and to professional standards prescribed by the Institute of Internal Auditors for internal auditing. These standards govern the placement of an audit function, as well as the processes for planning work, determining audit

¹Article VIII (Section 2) of the City Charter and Chapter 3.40 of the Seattle Municipal Code establish the role of the Office of City Auditor. Seattle citizens voted on a charter amendment to establish the office in 1991, the ground work was laid in 1992, and the Office of City Auditor began operations in January 1993.

²Resolution 28780 was adopted on August 23, 1993, by the City Council to formalize the independent audit selection process.

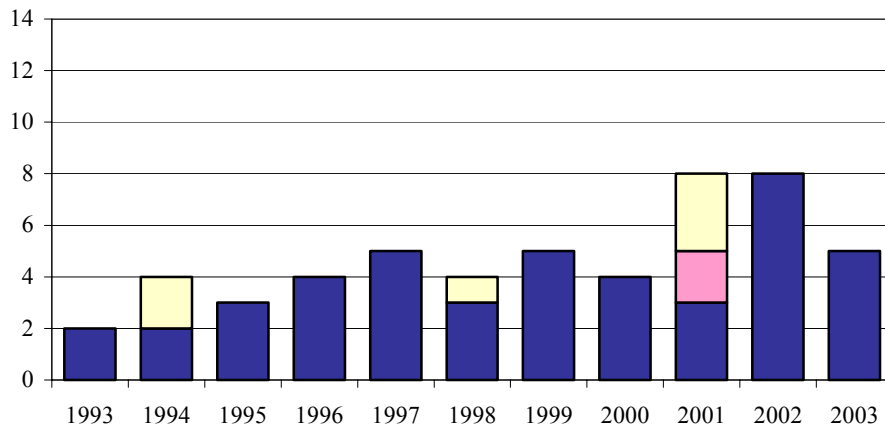
³An Office of City Auditor staff list is presented at the end of the report.

objectives, describing an audit’s scope and methodology, selecting criteria for evaluating the subject matter, and ensuring that evidence is sufficient, accurate, and relevant.

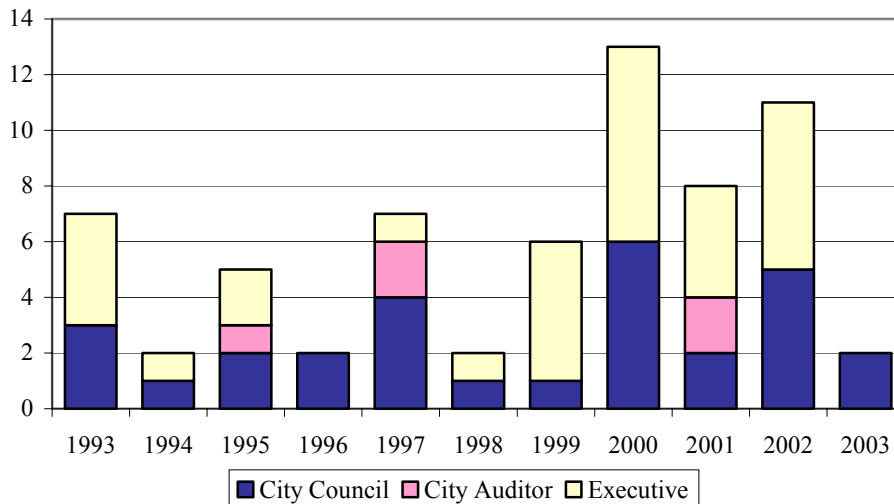
Audits and program reviews comprise the principal work of our office. Since our inception in 1993, we have completed 117 major audits and program reviews. Exhibit 1 below shows the distribution of major performance and operational audits and internal control, financial, and compliance audits by the requesting agency.

**EXHIBIT 1
DISTRIBUTION OF AUDITS BY REQUESTING AGENCY**

1993-2003 Performance and Operational Audits



1993-2003 Internal Control, Financial, and Compliance Audits



Our major audits and program reviews are generally large-scale projects, frequently involving multiple departments and requiring between four and 12 months to complete. At the completion of an audit or review, we issue a written report describing the objectives, scope and methodology

of the work performed, the results of our work, and relevant recommendations. We also brief the Mayor, the responsible City Council committee, and department officials on our findings and recommendations. All formal audits are presented before the City Council and announced on Council agenda. Our completed reports are also made available to the local media and interested citizens through our distribution list, the Seattle Public Library, the City Clerk's Office, and our Web site at <http://www.seattle.gov/audit>.

In addition to conducting audits and program reviews, our office offers consultative and training services to allow other City departments to utilize our staff's expertise in accounting, auditing, internal controls, and contract management. Our office has conducted more than 75 consultative engagements and training sessions to assist other departments in improving City operations during the past ten years.

We are pleased to present this summary of the audits and program reviews conducted by the Office of City Auditor since its inception in 1993. Our audits and program reviews are listed in chronological order by publication date, beginning with our most recent 2003 publications. Annual highlights are also provided focusing on significant products and milestones.

OFFICE OF CITY AUDITOR MILESTONES

| | |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1993 | Nora Masters is confirmed as Seattle’s first City Auditor |
| | Initial staffing completed in May; three employees are hired from U.S. General Accounting Office, one from the banking industry, and three from former Comptroller’s Office |
| | First performance report (<i>Utility Sole Source Consultant Contracts: Management Controls Need Strengthening</i>) is issued in September |
| | After Bumbershoot Festival audit report is issued, the City spins festival off to One Reel, a Northwest nonprofit arts organization |
| 1994 | Office of City Auditor completes its first policy and procedures manual |
| 1995 | Audit staff participate in the development of Citywide performance measures and the City’s managed competition effort |
| 1996 | Office of City Auditor conducts an audit on <i>Ratio of Staff to Managers</i> to help address budget shortfall |
| | Audit staff work with consultant and City executive managers and staff to conduct the City’s first comprehensive review of technology investments |
| 1997 | Nora Masters serves as Vice President of the National Association of Local Government Auditors (NALGA) |
| | Control Self–Assessment audits using both questionnaires and facilitated workshops are added to the Office of City Auditor’s repertoire of techniques |
| 1998 | Susan Cohen is confirmed as City Auditor and David Jones is appointed Deputy City Auditor |
| | Office of City Auditor hosts the National Association of Local Government Auditors (NALGA) Annual Conference |
| | David Jones becomes the Office’s first Certified Internal Auditor |
| | First high school Math, Engineering and Science Achievement intern is hired to conduct a GroupWise messaging system review |
| 1999 | Office of City Auditor completes a review of Historic Seattle, the first in a series of compliance audits on the City’s chartered preservation and development authorities |
| | Article in <i>Internal Auditor</i> magazine highlights Scottie Nix’s Control Self–Assessment work |
| 2000 | Office of City Auditor forms a construction audit team and develops a construction audit template for conducting capital project quality assurance reviews |
| 2001 | Office of City Auditor completes audits of the Civil Service and Public Safety Civil Service Commissions, the first audits to explicitly deal with personnel issues |
| 2002 | Report on athletic field scheduling becomes most requested audit report while the Seattle City Light review generates the most extensive media coverage |
| | Audit staff participate in the City Council’s 2003–2004 Annual Budget Review process |
| 2003 | Office of City Auditor celebrates its ten-year anniversary |

2003 REPORTS

Seattle Housing Authority's Holly Park Relocation Efforts

This report examined whether the Seattle Housing Authority complied with the terms of a City agreement for the relocation of Holly Park residents prompted by a housing revitalization project. The City agreement specified that the Seattle Housing Authority would ensure that the affected households received adequate relocation choices, and would minimize residential displacements and disruptions. We determined that the Seattle Housing Authority complied with the relocation conditions specified in the City agreement. We recommended that the Seattle Housing Authority fully document all relocation actions in each household case file, and conduct surveys of affected households to evaluate their satisfaction with the relocation process.

Office of Hearing Examiner Review

This study evaluated the effectiveness of the Office of Hearing Examiner's organizational and functional structures. Based on the review, including best practices research, we concluded that the appropriate structures appear to be in place and operating effectively. Our analysis also suggested that the Office of Hearing Examiner might be overstaffed due to workload decreases during the past few years, and could potentially achieve operating efficiencies by co-locating with other small offices that perform similar functions. In addition, the Personnel Department could review the job duties for some staff positions to determine whether the current classifications are still appropriate.

Improving the City's Citizen Complaint Resolution Processes

This review focused on whether the City effectively responds to citizen complaints, and whether its complaint resolution processes could be strengthened to increase citizen confidence in City government. We determined that the City has established both centralized and department-level processes to effectively resolve citizen complaints. Based on the results of a citizen satisfaction survey, however, some City agencies could improve the frequency and timeliness of communications with complainants. We also determined that an ombudsman function could further enhance citizen understanding and confidence that the City resolves complaints objectively and equitably, particularly those involving complex policy and operational issues.



Libraries for All Quality Assurance Review #5—Central Library

This fifth Quality Assurance Review assessed the Central Library portion of the Libraries for All Capital Program. The purpose of the review was to provide stakeholders with an overview of the Central Library Capital Project's progress based on the scope of work, schedule, and budget. We determined that the Seattle Public Library and its general contractor could improve the overall management of the Central Library Project to avoid schedule delays and to effectively resolve change orders.

Office of Housing Staffing Review

Initiated in response to a City Council proviso to the adopted 2003 budget, this review considered the reasonableness of filling two vacant Office of Housing planning and development positions. We determined that one of the two vacant positions was required to complete high-priority, legally mandated, and other well-defined Office of Housing planning, development and program management projects and activities in 2003. The justification for filling the second planning and development position was a policy matter for the City Council's consideration.

Improving the City's Central Warehouse Operation

This report examined the Warehousing Services Section's management of the Central Warehouse to determine whether it could be operated more efficiently. We also analyzed the warehouse's records management data to evaluate the City's compliance with state records retention and disposal requirements. We determined that the efficiency of the Central Warehouse's operations could be improved, particularly its space usage, management of archived records, and inventory tracking systems and related procedures. We also concluded that the City was complying with state records retention requirements.

Low-Income Rate Assistance Programs

During this review, the Office of City Auditor evaluated the Low-Income Rate Assistance Program, administered by the Mayor's Office for Senior Citizens, to determine whether the program was operated in an efficient manner, and achieved its objective of identifying eligible, low-income electric utility customers. We concluded that the Mayor's Office for Senior Citizens generally managed the rate assistance programs effectively, but recommended that the Office for Senior Citizens continue to explore new outreach strategies, formalize policies and procedures, upgrade office computers, and strengthen controls over the intake process.

2002 REPORTS

Seattle City Light's Finance Division Reorganization

This report assessed whether the work responsibilities of the employees in the newly reorganized Seattle City Light Accounts Payable and Procurement Unit were distributed in a manner that maintained internal controls, including an adequate segregation of duties. We determined that the new Accounts Payable and Procurement Unit established reasonable controls over its employees' use of City systems, and adequate segregation of duties. Although we identified opportunities for improvements, we did not identify major issues or internal control weaknesses.

Review of Seattle City Light

The objective of this review was to evaluate Seattle City Light's debt, financial and risk management policies and practices, operational issues, and the City of Seattle's governance structure for City Light. We retained Vantage Consulting, Inc., a private consulting firm with substantial experience in evaluating electric utilities, to conduct this review. Vantage concluded that City Light's financial condition had deteriorated significantly, which was largely the responsibility of City Light senior management, although the Mayor and the City Council did not hold City Light management accountable for establishing and sustaining effective financial and risk management systems. Vantage Consulting developed 39 recommendations for improving City Light's financial, risk management, operational, and governance policies and practices.

Review of Seattle Public Utilities North and South Recycling and Disposal Stations' Cash-Handling Procedures

This review assessed the effectiveness of the internal controls established for cash operations at Seattle Public Utilities North and South Recycling and Disposal Stations. We identified inadequate internal controls and security systems at both disposal stations. We recommended that Seattle Public Utilities conduct future unexpected cash counts and institute security improvements at both disposal stations.



Treasury's Management of Business Improvement Area Accounts

This internal controls review focused on improving the City's management of Business Improvement Area (BIA) accounts, including the performance of Treasury personnel, customer service functions, monthly reporting and communication of account status. We determined that the City Treasury needed to strengthen its procedures and oversight mechanisms to ensure that the City provides adequate services to the BIAs. Our recommendations included continuous monitoring of personnel performance; formalizing the BIA account management policies and procedures; and updating the computer system.

Customer Credit Programs for the California Energy Commission

We conducted this audit to assist Seattle City Light in verifying its compliance with the requirements of the California Energy Commission's Renewable Energy Customer Credit Program. Under this program, electrical service providers receive payments from the Commission for purchasing energy generated from renewable sources. Seattle City Light qualified for the program by supplying power from renewable sources to a Nordstrom, Inc., retail store located in California. We determined that Seattle City Light complied with the customer credit program requirements and properly credited Nordstrom. We also verified the City's receipt of the Commission's green power credit payments.

Libraries for All Quality Assurance Review #4-Central Library

This report was the fourth in our ongoing series of quality assurance reviews of the Libraries for All Capital Program, focusing on the scope, schedule, and budget for the \$162.3 million Central Library Project. We identified project delays and a significant backlog of unresolved change order proposals that prevented the Seattle Public Library Capital Program management team from accurately assessing and forecasting schedule risks, financial exposure to potential contractor claims, and project contingency requirements. We recommended that the Seattle Public Library Capital Program management team improve its schedule, change order, and cost management practices to mitigate potential risks for the new Central Library Project.

Seattle Chinatown International District Preservation and Development Authority Compliance Review

We initiated this compliance review as the fourth in a series of reports on City-chartered public development authorities. We determined that the Seattle Chinatown International District Preservation and Development Authority (SCIDPDA) complied with its responsibilities as a public corporation serving the Chinatown International District community. Consistent with its charter and mission, SCIDPDA significantly contributed to the economic, social, and cultural

viability of Seattle's Chinatown International District. SCIDPDA also generally complied with the majority of City code requirements and its internal policies and procedures. We identified one significant exception regarding the City's Bond Payment Guaranty Agreement, which was resolved during the review process.

AT&T Broadband and Internet Services' Compliance with the Cable Customer Bill of Rights

This audit evaluated AT&T Broadband's compliance with the City's Cable Customer Bill of Rights, focusing on requirements related to customer service, service centers, the security fund, and customer privacy. We determined that AT&T was in compliance with customer service and escrow fund provisions, but did not comply with requirements for service centers, customer credits, or tracking customer complaints. We developed recommendations for AT&T to improve its compliance with service center and customer credit requirements, and to improve its general tracking and reporting practices.

Administration of City Consultant Contracts

The review of the City of Seattle's consultant contracting practices was initiated in response to a 2002 City Council Statement of Legislative Intent requesting that the Office of City Auditor evaluate City departments' use of consultants. We found that City departments retained consultants for appropriate purposes and generally complied with contracting policies and rules, with the exception of contract filing requirements. We recommended that City departments strengthen internal contract management practices and consult more frequently with the Contracting Services Division to avoid future errors. The City's accounting and financial reporting system also needed to be expanded to generate effective management reports.

Personnel Satisfaction Assessment

This assessment focused on City departments' satisfaction with the Personnel Department's human resources functions. City departments provided above-average ratings for the Personnel Department's Policy Development Unit, Safety Unit, Records and Information Management Unit, and the Performance Resource Group. The assessments for the Recruiting Services Unit and Labor Relations Unit indicated below-average performance. The remaining assessments indicated average or slightly above-average performance for the Personnel Department's Benefit, Classification, Compensation, Employment Services, Special Employment Services, Equal Opportunity and Worker's Compensation functions.

Chinatown-International District Business Improvement Area Letter

This report analyzed the Chinatown-International District Business Improvement Area's management of ratepayer accounts. We determined that the Chinatown-International District Business Improvement Area's assessments collection rate was very high, but issues were identified regarding assessment billing practices and billing error corrections. We collaborated with City Treasury officials to resolve the assessment and billing issues.



Mitigating the Effects of City Workforce Reduction

This study provided historical and 2002 information on City workforce reductions, evaluated the cost and effectiveness of the City's 1996 Job Security Program, and explored both traditional and unique benefits provided by public and private employers to employees who are at risk of layoff. We found that the City expanded its workforce and minimized layoffs from 1989 to 2002. We also determined that the Job Security Program successfully mitigated the effects of a 1997 workforce reduction, and that the City could offer cost-effective transition benefits to reduce the impact of layoffs anticipated in 2002.

Seattle City Light Teambuilding Memorandum

This memorandum responded to a January 2002, KIRO7 Eyewitness News investigative report regarding two Seattle City Light teambuilding activities. Based on the review of current City leave policies and an in-depth examination of the Seattle City Light employees' timecards, we concluded that the City Light employees acted within the parameters of established City policies in their use of work time and timekeeping practices. However, City departments could institute project tracking systems for salaried employees to ensure that the City receives full value from its personnel investments. City decision-makers could also consider developing formal, Citywide guidelines to ensure that only appropriate employee teambuilding and recognition activities are sanctioned during work hours.

Parks & Recreation: Improving the Aquatics Program's Cash-Handling Operations

This study followed up our 1997 report *Improving Accountability over Swimming Pools' Cash Handling*. We determined that the Department of Parks and Recreation substantially improved its cash-handling policies, procedures, and practices at the City's swimming pools. We identified opportunities for further improvements, and made recommendations regarding cash receipts, swim lesson registrations, credit card payment processing, and performance standards for pool cashiers and managers.

Managing the Land Use Code Amendment Process

This review focused on whether the Department of Design, Construction and Land Use could produce high-quality products in a more predictable and reasonable timeframe. We concluded that the department needed to: 1) continue enhancing its project management systems; 2) assume the lead in establishing a more formal communication system among essential participants in the Land Use Code amendment process; 3) continue strengthening its internal management structure; and 4) continue designing and implementing staff training and support systems. The Department of Design, Construction and Land Use worked collaboratively with us in preparing the report and made progress on implementing the recommendations.

Athletic Fields Capacity Analysis

This supplement to the 2002 *Parks and Recreation Athletic Fields Scheduling Review* (see below) analyzed field capacity for two athletic fields, BF Day 1 and Lower Woodland 2, during the months of January and April in 2000. The analysis illustrated the difficulty in quantifying athletic field capacity given the unique variables affecting each field. We determined that field capacity varied throughout the year based on environmental conditions, field characteristics, and user group demands. We concluded that the Department of Parks and Recreation athletic field scheduling practices were reasonable based on these variables.



Department of Parks and Recreation Athletic Field Scheduling Review

This report evaluated the athletic field scheduling function of the Department of Parks and Recreation. The Department scheduled over 116,000 field events per year on 203 City and 115 Seattle School District athletic fields during the review period. We found that City athletic field use was at or near capacity during peak times, which restricted future field scheduling expansion. The Department also consistently scheduled athletic fields in compliance with

established policies for the prioritization and assignment of fields, but could improve the efficiency of field scheduling. We recommended that Department improve its athletic field scheduling software, develop standard operating procedures, enhance and clarify scheduling policies for field users, and resolve complaints more efficiently.

Administration of Seattle's Community Development Block Grant

This review focused on the City's processes for allocating and administering Community Development Block Grant (CDBG) funds, and the roles and responsibilities of the CDBG Administration Unit in providing financial and technical services to City departments and community-based agencies that receive CDBG funds. We determined that the CDBG allocation process was consistent with City policies, and that the CDBG Administration Unit's financial management and technical coordination services were generally consistent with federal and City requirements. However, we identified deficiencies and recommended improvements in the CDBG Administration Unit's monitoring and reporting practices to provide sufficient information for City decision-makers on the performance of CDBG-funded activities.

Memorandum Regarding City Executive Leave Policies

The Office of City Auditor issued this memorandum in response to an alleged abuse of the City's executive leave policy. We determined that the City's executive leave policies give Fair Labor Standards Act exempt employees significant discretion in structuring their workday with the expectation that professional responsibilities will be met regardless of the time required. We suggested that City officials increase exempt employees' accountability in the use of executive leave, because the City deducts executive leave hours for full-day absences from employees' leave balances, but does not deduct occasional leave of four hours or less from leave balances.

2001 REPORTS

City Agencies' Budget Rent-A-Car Policies and Practices

This report examined the guidelines and conditions under which City agencies allowed employees to secure rental car vehicles for weekend use. We determined that the surveyed City agencies generally adhered to City policies in their use of rental vehicles, and that three of the four agencies had established policies and procedures to manage the use of rental vehicles. However, City agencies' documentation for the justification and use of rental cars could be improved. As a result of the audit findings, the Fleets Division developed a new form to document the conditions for which the use of rental vehicles is justified and to document actual rental vehicle use.

Managing the Real Property Assets of the City of Seattle

This study evaluated the effectiveness of the Real Estate Services Unit's centralized real property asset management services. We concluded that the Unit's real property management efforts were beneficial to the City, especially the Real Estate Oversight Committee's efforts on recent neighborhood planning implementation. We developed several recommendations to strengthen the City's non-centralized real estate management functions.

Department of Neighborhoods: Service Centers Cash-Handling Review

This review assessed the cash-handling procedures established by the Department of Neighborhoods' for its 13 neighborhood service centers. We identified several cash-handling control and system weaknesses. In response, the Department developed and implemented an action plan to strengthen its cash-handling procedures and to safeguard funds received at the 13 service center locations.

Review of Information Technology Security in the Consolidated Customer Service System

This report described the results of testing the Consolidated Customer Service System, the City's combined electric, water, and solid waste utility billing system. We tested the system's security controls against a set of general information technology security standards, and concluded that the security controls were generally adequate. However, we identified internal control weaknesses in the system, and provided recommendations to address potential risks.

Seattle Municipal Court Collection Services

This review assessed Outsourcing Solutions, Inc.'s compliance with its Seattle Municipal Court contract to provide collection services. We concluded that Outsourcing Solutions, Inc. managed the Court's collection efforts in an acceptable manner and generally complied with contractual requirements. The Seattle Municipal Court and Outsourcing Solutions, Inc., agreed to implement several minor recommendations to strengthen the Court's collections services.



Capital Improvement Program Study of Seattle Transportation

Audit staff served on the Steering Committee for oversight of the Dye Management Group, Inc. study of the Seattle Transportation capital improvement program. The Dye Management Group evaluated the capital improvement program development process, program delivery and project management, and program monitoring and reporting. The Dye Management Group provided

more than 20 recommendations to improve Seattle Transportation's capital improvement program.

Review of "Creating a Respectful Workplace" Training

This report was prepared and presented to the City Council by two Math, Engineering and Science Achievement Program interns. It assessed the effectiveness of the Personnel Department's "Creating a Respectful Workplace" training. Based on survey responses from 449 City employees who participated in the program from May 2000 to May 2001, we concluded that the training was highly effective.

Review of the Civil Service Commission

This study analyzed the efficiency and effectiveness of the Civil Service Commission. We concluded that the Commission could improve its operations and its appearance of objectivity, and recommended that the Commission revise its rules and procedures, address departments' concerns about the pre-hearing process, and clarify the roles of the Commissioners, the Executive Director, and the Hearing Examiner.

Seattle Public Utilities Resource Conservation Incentive Programs

This report evaluated internal controls established for two Seattle Public Utilities water conservation financial incentive programs. The two incentive programs offered rebates to Seattle Public Utilities customers who purchased efficient washing machines, and provided financial assistance to commercial customers who implemented water-saving technologies. We identified internal control weaknesses that Seattle Public Utilities corrected through the implementation of recommended program changes.

City Financial Policies Regarding Business Improvement Areas and Local Improvement Districts

The Office of City Auditor and Department of Finance jointly staffed a review and compilation of City financial policies related to Business Improvement Areas and Local Improvement Districts. In addition, two resolutions were drafted to update the City's financial policies regarding the establishment and management of Business Improvement Areas (Resolution 30389) and to reaffirm existing policies regarding the establishment and management of Local Improvement Districts (Resolution 30387). The City Council adopted both resolutions in August 2001.

Seattle Public Library Capital Program: Quality Assurance Review Memorandum #3

This report was the third in our ongoing series of quality assurance reviews of the Libraries for All Capital Program cost, schedule, and document management practices. We concluded that the Libraries for All Capital Program management had strengthened its project reporting and responded to other issues identified in our Quality Assurance Review Memorandum #2 (see page 15). However, we raised additional concerns about the future management of project costs, schedule, and documents in this report.

Internal Control Assistance: Seattle Public Utilities Resource Conservation Toilet Round-up Program

This study focused on internal controls established for two Seattle Public Utilities conservation events, during which Seattle households could receive financial rebates for replacing inefficient toilets with new low-volume models. We reviewed Seattle Public Utilities' rebate procedures and issued a memorandum with recommendations for minimizing the risk of fraud or other abuse during the two conservation events.

Public Safety Civil Service Commission's Budget Rent-A-Car Practices

This analysis of the Public Safety Civil Service Commission's car rental practices responded to Department of Finance concerns about the Commission's policies for the use of rental vehicles. We concluded that the Commission had not established clear guidelines or maintained adequate records to ensure that car rentals were justified on the basis of City business, and that the

Commission's Secretary and Chief Examiner authorized the employee's personal use of City rental cars in violation of the Seattle Municipal Code. We recommended that the Commission develop a car rental policy that is consistent with City ordinances and policies, and that the Commission employee reimburse the City for personal expenses related to using City rental cars.

Seattle City Light: Skagit Cookhouse Audit

This review of Seattle City Light's Skagit Cookhouse evaluated the cost effectiveness of the cookhouse operations. We concluded that the cookhouse's expenses exceeded food service industry averages due to high labor and overhead costs. We also found that the cookhouse information systems were not effective in monitoring and controlling food operations and expenses. We recommended job class and payroll changes, as well as accounting and billing system enhancements.

A Guide to Benefit Sub-Fund Budgeting and Reporting Practices - City of Seattle Personnel Department

The purpose of this guide was to: 1) explain the budgeting and accounting practices for the Special Funds administered by the Personnel Department, 2) document the relationship between the sub-funds and the Personnel Department's program budget; and 3) develop reporting formats that allow the Personnel Department to easily compare one year's revenues and expenditures to the next year, including changes in administrative costs.

Public Safety Civil Service Commission Organizational Options

This organizational options paper explored four alternatives for realigning the Public Safety Civil Service Commission with other City agencies to strengthen its management structure and operational accountability. We concluded that the part-time, independent Commission was unable to provide comprehensive management oversight in dealing with day-to-day operational issues. We recommended realigning the Commission's non-appeal functions with the Personnel Department to provide full-time oversight of the Commission's recruitment, examination, and certification responsibilities. The City Council passed Ordinance 120658 on November 26, 2001, transferring non-appeal functions to the Personnel Department.

2000 REPORTS

Quality Assurance Review #1 of New Performance Hall at Seattle Center

This memorandum documented our review of project processes and procedures for constructing the New Performance Hall. We recommended improvements to the capital project management and planning processes in six areas: 1) schedule and monthly status reports; 2) general contractor/construction manager contract provisions; 3) project pricing/maximum allowable construction cost negotiations; 4) communications; 5) document management; and 6) project manual development.

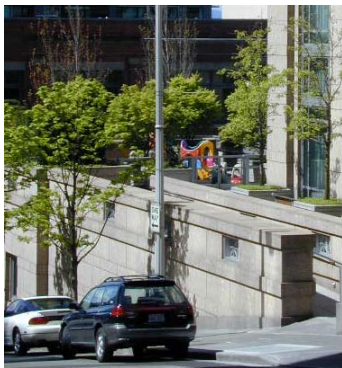
Review of Consultant Overhead Rates

We reviewed a Seattle Public Utilities engineering consultant's overhead rates to: 1) reconcile the "allocated expense" applied to the consultant's Washington office; 2) verify that non-allowable items were excluded in the Washington State overhead rate calculation; 3) reconcile the consultant's corporate and Washington State overhead rates; and 4) validate the consultant's

cost accounting procedures for computer costs charged to Seattle Public Utilities. We identified some discrepancies related to the consultant's computer charges, and recommended that Seattle Public Utilities exercise greater oversight to ensure that computer charges are consistent with the terms specified in the consultant contract.

Review of Consultant Labor Rates and Computer Charges

This review focused on an assessment of a Seattle City Light engineering consultant's labor rates and computer charges. We determined that salary increases granted to contract employees were consistent with the industry standard, but that the consultant did not provide all the relevant salary information to City Light. We also determined that Seattle City Light had not developed a consistent approach for payment of consultant labor rates and computer charges. We recommended that Seattle City Light develop a consistent approach for such payments.



Review of Controls over Selected Public Benefit Features in Downtown Seattle

This report evaluated downtown developers' compliance with City policies providing opportunities to earn "bonus" floor area in exchange for certain public benefits, such as daycare centers and public plazas. We concluded that the City retained the public benefit features provided by developers in exchange for the bonus areas, and that comprehensive design reviews helped ensure that such features would appeal to the public. We recommended changes to City computer geographic information systems to improve the City's ability to track privately owned public benefit features.

Unclaimed Property Review

This memorandum documented our work performed on: 1) the alleged destruction of records that supported potential credits to taxpayers; and 2) tax refund credits, which are placed in a holding account by the City's Division of Revenue and Consumer Affairs. We did not identify any evidence that records were improperly destroyed. However, we determined that the Division did not identify credit balances in taxpayers' accounts in a timely manner, and the City had not developed a standardized process for remitting unclaimed property funds to the State Department of Revenue in accordance with state laws. We recommended that the Division identify credit balances in a timely manner, and that the City improve compliance with state laws regarding remittance of unclaimed property.

Improving AT&T Broadband and Internet Services' Compliance With the Cable Customer Bill of Rights

This joint study, conducted by the Office of City Auditor and the Office of Cable Communications, reviewed AT&T Broadband and Internet Services' (formerly TCI Cable) compliance with the Cable Customer Bill of Rights, as established in the Seattle Municipal Code. We concluded that AT&T's policies and procedures emphasized customer service, but did not satisfy all of the reporting requirements identified in the Bill of Rights. AT&T indicated that its reliance on a national billing and record-keeping system precludes tailoring the system to the requirements of each jurisdiction, and could result in higher cable subscription rates.

Seattle Public Library Capital Program: Quality Assurance #2-Central Library

This review was the first in a series of ongoing quality assurance reviews of the Libraries for All Capital Program, and focuses on the administration of the contracts for the design and construction of a New Central Library and temporary Central Library. We recommended that the Libraries for All Capital Program team improve its management oversight by clearly documenting the roles and expectations of all the parties, requesting periodic progress reports from contractors, and relating project schedules to project budgets. The Seattle Public Library agreed to implement several recommendations, but indicated that its current practices would provide satisfactory project documentation.

Review of the Seattle City Employees' Retirement System

The Seattle City Employees' Retirement System (SCERS) is responsible for providing retirement benefits to eligible City employees, and manages more than \$1.5 billion in assets, subject to City Council oversight. We examined SCERS' management control systems, including accounting, investing, and reporting activities, and developed recommendations regarding improved policies and procedures, segregation of duties, and financial reporting practices.

Department of Design, Construction and Land Use: Tracking Financial Management Improvements, October 1, 1999 through July 30, 2000

This review of the Department of Design, Construction and Land Use: Tracking Financial Management Improvements examined financial management changes instituted by the Department between January 1, 1997 and September 30, 1999. This report also followed up the Department's status in implementing eight recommendations contained in our 1999 report. We concluded that seven of our eight recommendations had been implemented, and recommended minor adjustments to two of the implemented changes.

Review of City Funding for the African American Heritage Museum and Cultural Center

This financial review of the City's 1997 and 1998 allocations of \$250,000 to the African American Heritage Museum and Cultural Center focused on whether City funds allocated to the Museum were used in accordance with a Memorandum of Agreement between the Museum and the City of Seattle. We determined that the Museum used the City's money appropriately, except for two payments totaling \$4,198. We recommended that the City establish a receivable so that \$4,198 would be withheld when the Museum submitted future invoices for payment.

Emergency Medical Transport Service Delivery Options

This report on emergency medical transport service delivery options was initiated in response to issues regarding the Seattle Fire Department's administrative arrangement with American Medical Response (AMR) for transporting basic life support (BLS) patients to medical facilities. The report summarized the advantages and disadvantages of five emergency medical transport options for City BLS patients: 1) maintaining the current administrative arrangement with AMR; 2) formalizing the current administrative arrangement with AMR; 3) establishing a formal contract with an exclusive private provider through competitive requests for qualifications and requests for proposal processes; 4) establishing formal contracts with multiple providers

identified through competitive processes; and 5) structuring a managed competition process in which the Seattle Fire Department and private providers bid for BLS transport services.

Improving Millennium Digital Media's Compliance with the Cable Customer Bill of Rights

This joint review conducted by the Office of City Auditor and the Office of Cable Communications focused on Millennium Digital Media's compliance with the Cable Customer Bill of Rights established in the Seattle Municipal Code. We concluded that Millennium's employees had been responsive to customers and satisfactorily resolved customers' complaints. However, Millennium did not collect sufficient data to determine the number of customer complaints and the resolution of complaints; did not consistently credit customers' bills; and did not observe the operating hours and other requirements established in the Bill of Rights at its service centers. Millennium generally concurred with our findings and recommendations, with the exception of the recommendations regarding the service centers.

Review of Woodland Park Zoo's Cash-Handling Procedures

This review focused on internal control weaknesses identified during announced and unannounced visits to the Woodland Park Zoo to assess its cash-handling processes. The Woodland Park Zoo served approximately 1 million visitors and generated corresponding revenues of approximately \$5.8 million. We developed seven findings and recommendations regarding the Woodland Park Zoo's cash storage and accounting procedures.

Seattle Conservation Corps Takes Steps to Improve Internal Controls

At the request of the Department of Parks and Recreation, we visited the Seattle Conservation Corps site to assess cash-handling controls following a September 1999 cash theft. We identified several weaknesses and developed recommendations to improve both physical security and cash-handling procedures. The Seattle Conservation Corps strengthened its internal controls in response to our recommendations.

Special Study of Seattle Indian Services Commission

This review of the Seattle Indian Services Commission, a public corporation chartered by the City of Seattle in 1972, focused on its compliance with City policies and the Commission's charter. We determined that the Commission complied with relevant City policies and charter provisions, and provided effective, comprehensive, and coordinated programs, services, and activities to meet the unique needs of Seattle's Native-American residents.

Seattle Public Utilities: Payment Center Cash-Handling Review

This report summarized the results of unannounced onsite reviews conducted at two Seattle Public Utilities payment centers in downtown Seattle. We conducted a cash count and a review of physical security features, and identified several issues associated with the use of the City's Remote Automated Payment System. Seattle Public Utilities subsequently corrected the problems identified during the review.

Seattle City Light: Settlement Quality Meter Data Audit

Seattle City Light provided electricity under contract to several locations in California, and was subject to annual meter audits as a California Independent System Operator. We conducted this

review to determine whether Seattle City Light established adequate controls for receiving and processing meter data to produce usage figures for billing purposes. We concluded that City Light complied with its tariff requirements, and had adequate controls to generate accurate and complete settlement quality meter data.

1999 REPORTS



Management Review of the Pike Place Market Preservation and Development Authority

This compliance review focused on whether the Pike Place Market Preservation and Development Authority (PDA) reasonably accomplished its charter mandates. We concluded that the PDA accomplished its charter mandates, and its commercial lease policies and practices were consistent with the charter. However, we found the PDA could have allowed more time for public discussion and education when it proposed changes in 1998 to increase the availability of fresh local produce at the Market, and suggested ways to improve communications between the PDA and Market tenants.

Department of Design, Construction and Land Use: Tracking Financial Management Improvements, January 1, 1997 through September 30, 1999

This review evaluated improvements implemented to the Department of Design, Construction and Land Use's financial management systems in response to a 1995 study and City Council resolution. We concluded that the improvements were effective, and offered further recommendations to strengthen the Department's financial management systems.

Seattle Public Library Capital Program: Quality Assurance Review Memorandum #1

This report was the first in a series of quality assurance reviews to evaluate the Libraries for All Capital Program. Based on our review of project files, budgets, and schedules, we recommended that the Central Library improve its document control system, establish written policies and procedures for contract management, and explore ways to simplify its integrated master schedule, program cost estimate, and budget.

City of Seattle Citizen Participation Processes

This report summarized our evaluation of the City's citizen participation practices for neighborhood budgeting and neighborhood planning. We concluded that these programs were effective in accomplishing City and neighborhood objectives, but demanded significant resources and time from City staff and neighborhood residents. We recommended improvements to minimize the proliferation of new neighborhood groups and competing demands for City resources while promoting reasonable expectations for citizen involvement.

Improving Seattle Center’s Management of the Monorail Contract

Seattle’s downtown monorail system, constructed for the 1962 World’s Fair, was operated under a private contract with Seattle Monorail Services. Our objective was to determine whether Seattle Monorail Services complied with the City contract in the high-risk areas of maintenance and ticketing as well as the City’s administration of its contract with Seattle Monorail Services. We found that Seattle Monorail Services needed to continue improving its maintenance and inventory tracking systems and ticketing program. We recommended that the City improve its oversight of the monorail contract and monitor the contractor’s progress in addressing the high-risk issues identified.



Historic Seattle’s Management of the Good Shepherd Center

This review of the Historic Seattle Preservation and Development Authority’s operation of the Good Shepherd Center was the first in a series of compliance evaluations of the City’s public corporations. We found that Historic Seattle was in compliance with its City charter and City policies, and appropriately managed the Good Shepherd Center.

Seattle City Light Skagit Project: Skagit General Store Financial Performance Audit

This financial audit was conducted to assess the internal controls and financial performance of Seattle City Light’s Skagit General Store. We concluded that the General Store’s internal controls for cash handling and inventory practices were inadequate, and that its financial performance was below industry standards. We recommended that Seattle City Light consider contracting for professional financial management services.

Management Review of the City of Seattle’s Deferred Compensation Plan Program

Our review focused on whether the Deferred Compensation Plan Program was operated efficiently and effectively, and in compliance with laws and regulations. We concluded that the program was efficiently and effectively managed, but identified the need for improvements. We recommended that management ensure that all participant costs be disclosed, that premature withdrawals for “hardship” circumstances be thoroughly documented, and that financial records be reconciled in a timely manner.

Management Review of the City of Seattle’s Pension Systems

We retained Miller and Miller Consulting Services, P.S., to review the City’s police, fire, and general employee pension systems, and evaluate the City’s internal control structures and management policies and procedures. Miller and Miller determined that the internal control structures and policies and procedures were adequate, but recommended that City management increase the use of technology and consider consolidating the administrative functions for the three pension systems.

Review of Rehabilitation and Emergency Assistance for City Homeowners (REACH) Program

The purpose of this review was to assess the REACH Program's financial practices. We reconciled the loan financial records to the accounting system, determined the year-end 1998 fund position, reviewed program's costs, and assessed security on outstanding loans. We recommended improvements to the REACH Program's internal controls and management reporting.

Seattle City Light Skagit Project: Commute Trip Reduction Program

We performed a review of Seattle City Light's Commute Trip Reduction Program for the Skagit Project to determine whether the program complied with the City's Commute Trip Reduction Program Ordinance. In addition, we reviewed the reasonableness of a proposed fee increase, and potential alternatives to meet current Skagit employees' transportation needs. We concluded that the operation of the City-owned van increased program costs and exposed the City to unnecessary liability, and recommended that City Light discontinue the van service.

1998 REPORTS

City of Seattle Misdemeanor Warrants

This review was conducted to determine the efficiency and effectiveness of the Seattle Police Department in clearing misdemeanor warrants. We concluded that the Police Department has consistently achieved a high clearance rate for misdemeanor warrants and the rate compared favorably to other jurisdictions. We recommended that the Police Department ensure that commissioned officers serve high-priority misdemeanor warrants, improve internal controls and reporting practices, and provide increased staff training in using computer technology for skip-tracing. We also recommended that the Seattle Municipal Court enhance its information system to better serve the Police Department's Misdemeanor Warrants Unit.

City of Seattle Financial Condition Report, 1988—1997

The Financial Condition Report presented 14 trends affecting City financial operations based on data from the previous ten fiscal years. The report was designed to illustrate the City's financial condition for City officials and citizens in an easy-to-understand format.

Organizational Review of Transportation Functions

The Office of City Auditor retained an engineering and management consulting firm, the Nielsen-Wurster Group, to review and recommend changes to Seattle Transportation's and Seattle Public Utilities' processes for planning and constructing transportation capital projects. The consultant recommended changes in project management practices and training, as well as minor staffing changes.

Making the Most of GroupWise

This review, conducted by a Math, Engineering and Science Achievement Program intern, focused on the Citywide Novell GroupWise messaging software and training. We concluded that the GroupWise training provided to approximately 1,300 City employees was effective, and recommended that other City employees receive training to expand their knowledge and use of GroupWise features.

Improvements at Purchasing Services

This review focused on the Purchasing Services Division's internal controls for purchase orders and blanket contracts. We identified inconsistencies in the Division's competitive bidding practices due to efforts to reduce its purchase order requisition backlog. We also concluded that the Division improved its purchasing procedures to increase timeliness; updating its contracting rules, policies, and procedures; and increasing its monitoring and controls for blanket contracts.

Sale of the Seattle City Light Building

We reviewed the sale of the City Light building to determine whether the City followed state law and City policies during the sale transaction. We concluded that the City advertised and sold the building in accordance with existing laws and City policies. The City received reasonable value for the building, and we found no evidence of conflicts of interest in relation to the transaction.



1997 REPORTS

Making Strategic Use of Surplus Computers

The objective of this review was to determine how the City disposes of surplus computer equipment. We found inconsistencies in 25 of 30 Seattle City Light's surplus computer records, and identified control weaknesses that potentially allowed computers to be misappropriated. We recommended that the Executive Services Department improve its management of surplus computer operations. Additional improvements included collecting management data on surplus computer operations, and requiring the Chief Technology Officer to assume an active role in identifying appropriate uses for the City's surplus computer equipment.

Filipino Community of Seattle: Grant Compliance

The City Auditor retained Kraght Snell, a Certified Public Accounting firm, to conduct a series of reviews to evaluate the Filipino Community of Seattle's compliance with three City Department of Housing and Human Services grants: the Filipino American Youth Media Production Grant, the Pacific Asian Elderly Nutrition Program Grant, and the Filipino Youth Empowerment Grant. Two reportable conditions were noted for the Elderly Nutrition Program Grant, and one reportable condition was identified for the Youth Media Production Grant and for the Youth Empowerment Grant.

Survey of Council Structures and Functions

This study provided comparative information about the organization of legislative functions in other local government jurisdictions. We surveyed other comparable-sized local jurisdictions with a strong executive-council form of government, and similar socioeconomic characteristics, to identify innovative or best practices.

Issues of Interest to the Office of City Auditor Regarding the Development of Large Computer Applications

This document and audit program compendium were developed to identify issues that City

departments might want to consider when evaluating either the acquisition or the operation of Citywide information systems. It was also developed as a guide for future audits of Citywide information systems, describing the documentation and controls needed to evaluate the acquisition and day-to-day operations of major computer systems.

City's Management of Contract Amendments and Change Orders Needs Improvement

We conducted this review to evaluate Citywide and department-specific practices at Seattle City Light, Seattle Public Utilities, and the Department of Parks and Recreation for contract amendments and change orders. Expenditures for architectural and engineering contract amendments often equaled or exceeded the original contract values, and change orders for construction contracts generally ranged between 10 and 25 percent of the original contract values. We concluded that City departments needed to improve their management of architectural and engineering consultant contract amendments to ensure that the amounts the City pays for these services are fair and reasonable.

Seattle Police Department's Management of Federal Grants for Certain Community Policing Projects

This review examined the Seattle Police Department's use of federal grant funding in the Comprehensive Communities Program and the COPS Youth Handgun Violence Initiative. We determined that the Police Department fully complied with federal grant requirements, but identified three examples of non-compliance with departmental travel and training procedures. We recommended that the Police Department amend its policies and procedures to reflect actual practices.

Improvements! City Responds Positively to Recommendations Made in Our 1996 Report: Ratio of Staff to Managers in City Government

This report assessed the City's progress in implementing recommendations from our January 1996 report, *The Ratio of Staff to Managers in City Government*. Seattle's overall average ratio of staff to managers rose from 5.9 in 1995 to 6.1 in 1996. The 3 percent increase allowed the City to realize payroll savings estimated at \$3.1 million.

Memorandum Regarding Development of a Citywide Accounting Policies and Procedures Manual

The purpose of this project was to determine whether Citywide accounting procedures were sufficient to produce accurate, timely, and efficient accounting records. We concluded that the City's accounting policies and procedures needed to be revised, and offered recommendations for the City's new accounting manual.

Improving Accountability over Swimming Pools' Cash Handling

In response to contact from a concerned citizen, we reviewed the cash-handling and revenue collections policies and practices at City-operated swimming pools. We concluded that the Department of Parks and Recreation did not ensure that pool staff deposited all cash receipts in City bank accounts, and missing bank deposits were not promptly detected. The Department needed to further standardize practices and guidance to cashiers for handling cash at the pools; strengthen oversight, monitoring and security of the pools' cash-handling operations; perform periodic surprise cash counts; and annually reconcile the swim ticket inventory.

Program - February 25, 1997 - with Addendum C: Open Space Program's Length of Time to Acquire Property

This review of the Open Space Program focused on whether the spending and acquisition objectives of the 1989 open space and trails bond measure had been achieved, and whether appropriate management controls, such as a process for ensuring the reasonableness of property acquisition costs, had been established. In general, the Open Space Program had appropriate management controls that provided reasonable assurance of achieving the program's objectives. However, the City acquired open-space land more slowly than anticipated.



Seattle Police Department: Ticket Controls

This audit examined the Seattle Police Department's controls over the tickets issued by its officers for traffic and criminal offenses. We reviewed the Police Department's controls to verify that officers appropriately accounted for all tickets, to determine whether the Department tracked the final disposition of the tickets, and to evaluate management controls over blank tickets. Our conclusion was that the Police Department did not have adequate processes in place to account for officers' use of blank tickets or to track whether the issued tickets conformed to legal standards. We recommended that the Police Department establish a system, combining manual and computerized tracking features, to account for all tickets, and secure blank tickets in a locked cabinet.

Transfer Stations: Cash-Handling Management

This review summarized the effectiveness of cash-handling operations at two City solid waste transfer stations. We concluded that cash-handling controls could be improved, and recommended that management strengthen supervisory monitoring, segregate duties within the Transfer Station Billing Section, install video surveillance equipment, and improve cashiering practices.

1996 REPORTS

Patrol Officer Deployment

This analysis of officer deployment in the Seattle Police Department focused on whether actual patrol schedules matched deployment plans. We concluded that the deployment practices generally matched the Seattle Police Department's Citywide and precinct deployment plans. Exceptions were noted for the month of December, on Monday mornings, and on Friday and Saturday evenings.

Transportation Financial Management: Revenue Forecasting and Expenditure Management Are Improving

This study assessed the Transportation Division's budgeting processes, and evaluated changes made to prevent revenue shortfalls. We concluded that the Division improved its forecasting methods to reduce the risk of revenue shortfalls, and its financial management tools to make timely use of available funds and to complete transportation projects more efficiently. However,

we recommended that the Division develop a strategic plan and provide regular reports to the City Council on revenues, operating costs, and capital project status.

Transportation Expenditures: Compliance and Controls Can Be Improved

This audit reviewed the Transportation Division’s compliance with regulatory and expenditure restrictions over local option revenues and Motor Vehicle Fuel Tax revenues and evaluated the effectiveness of its management controls over grant billings. We concluded that the Division established effective internal controls over its major financial processes, but could improve the timeliness and accuracy of billings to granting agencies.

Comparison of In-House Costs and Private Sector Prices for Selected Vehicle Maintenance Services

This review compared in-house costs for six of the City’s vehicle maintenance services with private sector prices, and determined whether cost savings could be achieved through improved efficiency or more competitive contracting. We determined that in-house costs were approximately \$114,000 greater than the vendors’ lowest price quotes. We recommended that the Fleet Services Division conduct comprehensive cost comparisons each biennium with vendors and other jurisdictions, and identify ways to increase efficiencies and reduce costs to be competitive with private vendors.

Information Technology: Dollars and Challenges

This analysis provided information technology expenditure data for 17 City departments. We determined that departments spent more than \$50.7 million for information technology in 1995, and approximately half of these expenditures supported technology for the City’s utilities and transportation programs. The report also discussed the principal challenges facing the City and the new Chief Technology Officer.

Ratio of Staff to Managers in City Government

This report analyzed City departments’ staffing practices and layers of management. Management experts generally consider higher ratios of staff to managers to be more efficient than lower ratios, although no ideal structure is appropriate for all organizations. We found that City managers supervise an average of 5.9 employees, and recommended that the City increase its ratio of staff to managers.

1995 REPORTS



Animal Control

Our review of Animal Control included an evaluation of its internal controls and considered the unit’s workload and budget. We recommended that Animal Control implement a comprehensive financial control system, and reconsider the cost-effectiveness of two additional officers added in the 1994 budget. Animal Control could also benefit from a managed competition review in light of its decreasing workload and rising budget.

Department of Finance Taking Steps to Improve Internal Controls over Citywide Travel Expenditures

This report evaluated the City’s travel policies and practices to determine whether adequate controls were established to prevent unauthorized travel expense reimbursements, and to determine the role of the Department of Finance in monitoring travel practices. We also examined City departments’ authorization and payment of travel expenses to identify potential process improvements. We found that the Department of Finance could take additional steps to fulfill oversight responsibilities outlined in the Seattle Municipal Code, and should consider options for streamlining the authorization, accounting, and reporting of travel and training expenditures.

Management Improvement at Freeway Park Garage

Our review of Freeway Park Garage management determined that the garage had not established adequate accountability systems. The Department of Administrative Services could design and implement a comprehensive management accountability system over the Freeway Park Garage’s cash-receipting process to ensure that cash receipts are properly recorded, and that cash is appropriately safeguarded and deposited. We recommended that the Department of Administrative Services increase its management oversight of the garage operations; revise its policies and procedures; and perform unannounced cash counts.



Seattle Center Improving Procedures to Ensure Tenants Are Reporting All Revenues and to Ensure Consistency of Contracts

We conducted this review to evaluate Seattle Center’s oversight of Center House tenant rent payments. Our staff worked with personnel from Seattle Center to identify ways to improve procedures to ensure that tenants report all revenue and correctly calculate rents due. Seattle Center should also continue to standardize its contracts to increase consistency among tenant rental terms.

Eligibility for Public Defense Management

We analyzed the process for determining a defendant’s eligibility to receive public defense services. Our review of the eligibility determination process found that the King County Office of Public Defense used experienced screeners for initial eligibility screenings, but could improve the eligibility determination process by securing more comprehensive documentation for its initial screenings.

Citywide Collection of Accounts Receivable

This report evaluated the City’s collection of accounts receivable. We found that the City’s accounting and financial management systems generally did not provide sufficient information to effectively manage its accounts receivable. In addition, City departments did not consistently use interest or late fees to encourage timely payment. The Department of Finance could also provide more guidance to departments in the collection of accounts receivable.

Contracting for Court Services

We reviewed the potential savings and benefits from merging the Seattle Municipal Court and the Seattle Division of the King County District Court. We found that potential savings would be dependent upon negotiated fees for court services. We recommended that the City also consider the full transition costs, as well as policy implications and other potential impacts.

Making Effective Use of Managed Competition

We evaluated the City's use of managed competition to provide select City services, and determined that City departments could use managed competition more extensively. City departments only compared in-house and external costs for 23 of the 67 services we identified as suitable candidates for managed competition. The City could improve its managed competition program by: 1) establishing procedures to ensure a thorough analysis of relevant costs and benefits; 2) developing appropriate internal controls over the managed competition process; 3) considering legal requirements early in the process; 4) promoting awareness of non-financial issues; and 5) enhancing labor-management cooperation.

1994 REPORTS

Seattle Police Department: Forfeiture Funds and Investigative Fund

This report assessed the Seattle Police Department's internal control structures and reviewed its compliance with relevant laws and regulations for three forfeiture funds and the Vice Unit's investigative fund. We recommended process improvements for the Fiscal Division, Narcotics Unit, and the Vice Unit to ensure proper cash handling and compliance with laws and regulations.

Seattle Can Reduce Long-Distance and Cellular Telephone Charges

We conducted a Citywide study to determine whether improved policies and practices for long-distance and cellular telephone use could yield cost savings for the City, and to recommend cost-effective ways to strengthen management controls over City telephones. Our analysis indicated that the City could save more than \$110,000 by implementing straightforward policies so that the City does not incur costs for personal use of telephones, fax machines, computer modems, and cellular telephones.

Focus on Performance

This report addressed the fundamental challenges of integrating performance measures into City policies to improve the accountability, efficiency, and effectiveness of City programs and operations. Challenges included agreeing on program objectives; determining the focus for performance measures; defining the relationship between performance measures and the budget; and balancing the emphasis on performance measures with the need for sound management systems.

Seattle Engineering Department: 1992 Reorganization, Management of Accounts Receivable and Management Reports

We conducted this study of the Seattle Engineering Department to determine whether the Department achieved expected savings and efficiencies through its 1992 reorganization; whether

the Department's accounts receivable were appropriately monitored; and whether management reporting capabilities were adequate. We determined that the 1992 reorganization produced an annual savings of more than \$600,000 by eliminating 22.5 full-time equivalent positions, and that the Department's management reports were timely and appropriately detailed. However, the Drainage and Wastewater Utility and Transportation Division could strengthen internal controls over receivables and improve monitoring of accounts to ensure more timely collection.

Seattle Center: Redevelopment Levy Management

This review focused on whether the Seattle Center complied with laws, regulations, and City policies and spent levy funds for intended purposes. We also evaluated Seattle Center's control over processing and reporting levy expenditures. We identified opportunities for strengthening internal controls over accounts receivable and for improving the process to write off bad debt. We also found that inaccurate charges and billing disputes adversely affected accounts receivable monitoring.

Police Department: Evidence Room Management

The report analyzed the management of the evidence room to determine whether evidence was properly and efficiently processed, and whether cash held as evidence was properly handled and safeguarded. We reviewed evidence room procedures and conducted a cash count.

1993 REPORTS

Department of Health and Human Services: Oversight of Housing Rehabilitation and Development Loan Programs

In 1992, the Department of Health and Human Services, the Seattle Housing Authority, and the Central Area Public Development Authority administered three housing rehabilitation and development loan programs that provided \$1.8 million in loan assistance to 184 homeowners. The purpose of this study was to evaluate the management of the City's housing rehabilitation and development loan programs and to make recommendations for improvement.

Department of Finance: Review of the Insurance Broker Commission Account

We conducted this financial review to determine whether the City Risk Manager had established adequate internal controls over the insurance broker commission account. We determined that the City does not provide adequate control over the commission account, and that the use of the commission account may not be an efficient way of processing broker commissions. Our analysis also indicated that the broker fee structure may not be cost beneficial to the City.

Bumbershoot: Summary of Comptroller's 1991 and 1992 Findings

Audits were conducted in 1991 and 1992 to verify the collection of revenue, and to review the Bumbershoot Festival's ticket-handling and cash-receipting policies and procedures. The report identified problems with Festival management's oversight and accountability, financial and internal control weaknesses, and non-compliance with City codes and ordinances, and makes recommendations for improvements.

Bumbershoot: Market Forces Could Improve City Finances

We examined the City's financial support and oversight of Bumbershoot, and evaluated the Festival's management structure due to unanticipated losses at the 1991 and 1992 Bumbershoot Festivals and the City Council's interest in assessing the Festival's management. We found that the City provided substantial financial support to the Festival in a variety of ways, including providing up-front operating revenue and allowing the use of City grounds without any reimbursement of the City's indirect costs. In addition, the City's contract with One Reel did not include market incentives to ensure efficient and cost-effective management of the Festival.

Department of Finance: Bond Arbitrage System

We verified the arbitrage system data for City-County jointly issued bonds, reviewed the accuracy of calculations in the City's arbitrage model, and assessed the system development and conversion controls over the new arbitrage model. The report summarized our findings regarding the City's arbitrage system procedures and reporting, as well as for the arbitrage system development and conversion processes. We found that the City did not have an agreement with King County to recover arbitrage profit overpayments. This report offered nine recommendations for the City to address the issues identified during the review.

Municipal Court: Oversight System in Place for Collection Services Contract

We reviewed the Seattle Municipal Court's oversight of its collections contractor, Continental Credit Services, Inc. We determined that the Municipal Court managed its collection contract properly, and established effective oversight and internal controls to identify and address problems. The collection effort could be improved in several areas, including the clarity of correspondence, accuracy of data entry by Municipal Court staff, and collections on parking tickets issued for rental cars.

Utility Sole Source Consultant Contracts: Management Controls Need Strengthening

This study analyzed the City utilities' policies and practices in determining and selecting sole source consultant contracts, and identified all sole source consultant contracts executed by the utilities during 1992. We determined that Seattle City Light was the principal user of sole source consultant contracts, and that the City's complicated contracting rules resulted in inconsistent interpretations of the City's sole source policies. In addition, the City's emphasis on decentralization allowed department directors substantial authority to execute sole source consultant contracts, but that the departments' decisions to execute sole sources contracts were insufficiently documented.

Department of Construction and Land Use: Revenue Collection Process

This study evaluated the Department of Construction and Land Use's internal controls for the revenue collection process, and identified a number of internal control weaknesses. Department management concurred with the findings and planned to address the concerns through replacement of its existing automated accounting system.



Woodland Park Zoo’s Cash-Receipting and Cash-Handling Systems

This assessment of the Woodland Park Zoo’s cash-receipting and cash-handling functions identified internal controls weaknesses and inadequate segregation of duties in five areas: admission revenues, parking revenues, invoicing and accounts receivable, security, and cash handling. We recommended that the Woodland Park Zoo’s management implement additional internal controls and update its written cash-handling policies and procedures.

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