

Council Bill 121072

Proposed Legislative Changes to Seattle Municipal Code Chapter 3.40 - Office of City Auditor

September 11, 2025

Seattle City Council

Governance, Accountability, and Economic Development Committee



Seattle Office of City Auditor

Office of City Auditor - Seattle Municipal Code 3.40

Background

The Office of City Auditor (OCA) was created by voters in 1991, codified by Seattle City Council in 1992, and operational in 1993.

The Seattle Municipal Code (SMC) Chapter 3.40 has remained largely unchanged for three decades.

SMC 3.40 does not currently:

- Detail government performance auditing standards
- Provide qualifications for the position of City Auditor
- Require an external peer review of OCA work
- Offer subpoena power

The Audit Profession & Standards

Standards

- Generally Accepted Government Auditing Standards, or “Yellow Book.”
- Peer Reviews every three years.

Profession

- Independent, professional audit function
- Active member of the Association of Local Government Auditors (ALGA).

The intention of this legislation is to institutionalize and sustain a culture of high standards and accountability within the Office of City Auditor, the City of Seattle, and the performance audit profession.

Grounding Legislation in Best Practices



Association of Local Government Auditors (ALGA)



King County Auditor's Office, County Code 2.20, which established KCAO



Relevant Seattle Municipal Code Chapters



Reviewed by OCA to ensure alignment with current practices

Crosswalk of Changes

Current SMC Section	Proposed SMC Section	Notes/Changes
3.40.010 – Duties and Appointment	3.40.010 – Office of City Auditor – Establishment	Refocused to establish OCA as independent and nonpartisan; duties and appointment process moved to later section (3.40.030).
(No current section)	3.40.020 – Definitions	New section to define the terms: audit, performance audit, and recommendation.
(No current section)	3.40.030 – City Auditor qualifications and appointment	New section to codify the qualifications and appointment process.
3.40.020 – Ancillary Powers	3.40.040 – City Auditor functions	Title change from Ancillary Powers to City Auditor functions, content moved and expanded to clarify auditing authority in section 3.40.040.
3.40.040 – Auditing Authority	3.40.050 – Auditor powers	Clarified role in oversight and selection of consultant auditors.
3.40.050 – Audit Reports – Response – Follow-up Required	3.40.060 – Audit reports – Response – Follow-up required	Updated to codify draft sharing, written responses, and annual recommendation tracking.
(No current section)	3.40.070 – External peer review – Oversight	New section to require external peer review every 3 years.
(No current section)	3.40.080 – Staff and resources	New section to ensure adequate staffing and professional development.
14.08.040, 14.08.050, 15.52.100	Repealed	Audit requirements in these sections have expired.

Strengthening Independence & Professional Standards

3.40.010

Establishes OCA as independent, nonpartisan, and objective.

3.40.030

Codifies City Auditor qualifications and competitive appointment process.

3.40.040

Identifies auditing standards established by the federal government.

3.40.080

Codifies sufficient resources for office operations.

Audit Powers & Processes

3.40.040

Codifies authority to access personnel and records of City-funded entities.
Adds subpoena power.

3.40.050

Clarifies role in oversight of consultant auditors.

3.40.060

Codifies audit follow-up process, including Executive review and annual tracking of recommendations.

Alignment with Current Policies & Practices

3.40.020

Defines terms for the purposes of the chapter: audit, performance audit, and recommendation.

3.40.040

Defines non-audit services the Office provides to support Council requests.

3.40.070

Requires regular external peer review for compliance with government auditing standards.



Seattle Office of City Auditor

seattle.gov/cityauditor
