



## MEMORANDUM

**TO:** Seattle City Council Governance, Accountability, and Economic Development (GAED) Committee  
**FROM:** David G. Jones, City Auditor  
**RE:** Proposed Legislation – Updates to Seattle Municipal Code Chapter 3.40  
**DATE:** 09/04/2025

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### Background

The Seattle Office of City Auditor (OCA) was created by a voter-approved amendment to the Seattle City Charter in 1991. [Chapter 3.40 of the Seattle Municipal Code](#) (SMC), which discusses this office, was established in 1992, and much of the chapter has remained unchanged in 33 years, despite changes in the expertise, scope, and operations of the office.

OCA has developed a proposal to update SMC Chapter 3.40. The proposed changes have been informed by various sources, including [model legislation prepared by the Association of Local Government Auditors](#) (ALGA), King County Code [Chapter 2.20, which establishes the King County Auditor's Office](#), and staff input, as well as reviews by Central Staff and City Attorney's Office staff.

This memo summarizes the legislation's major proposed changes. The first attachment to the memo provides detailed discussions of each proposed change. While it may appear that our proposal eliminates a large amount of existing language and adds new language, much of this is the result of moving existing text to different sections of the chapter. The second attachment is a chart comparing the current and proposed sections of the chapter.

### Summary

1. **Office Independence:** We propose having a separate section on the establishment of the office, which includes language that clarifies the office is *non-partisan* and responsible for *objective, fact-based analysis*. This does not exist in current code and would strengthen the office's structural independence.
2. **City Auditor Qualifications:** We propose a new section that expands on the existing process to appoint the City Auditor, provides greater detail and clarity, and introduces minimum qualifications and experience for future candidates. Information about qualifications does not exist in current code.
3. **Auditing Authority to Access Records and Issues Subpoenas:** The current code has a section on auditing authority, but it is not comprehensive. We propose adding more

information about our scope and authority, including the ability to access records and issue a subpoena if access is not voluntarily provided. Other City offices that have the authority to issue subpoenas include the [Office for Civil Rights, Hearing Examiner, Civil Service Commission](#), and the [Council Finance Committee](#). Subpoena power also exists for many other jurisdictions' audit offices, such as King County, WA, Portland, OR, Denver, CO, and Honolulu, HI, though it is rarely used. Other than the subpoena power, our proposal does not expand the authority of the office beyond what we currently exercise in our day-to-day operations.

4. **Audit Follow-up Process:** We propose amending the existing section on our audit recommendation follow-up process. The proposals reflect the office's current policies and practices of sharing our draft with the auditee in advance of publication, soliciting a response, and reviewing annually the implementation status of our recommendations.
5. **New section – External Peer Review:** We propose adding a new section to codify the process for the office to undergo an external peer review, to ensure we are following government auditing standards. We have already been undergoing, and [successfully passing](#), such a review for the last 17 years, at three-year increments as recommended by ALGA, but information about the review does not exist in current code.
6. **New section – Resources:** We propose adding a new section to codify the office to receive adequate resources to carry out our mission. This is modeled after King County Code and ALGA Model Legislation; within the city, this is comparable to the establishment of the [Office of Labor Standards Fund](#), at a smaller scale.
7. **Removing Outdated Provisions:** We propose removing certain provisions in the code in other chapters that are no longer relevant, including 14.08.040 (evaluation of short-term voucher program), 14.08.050 (first-in-time evaluation), and 15.52.100 (SPD special events).

## **Attachment 1: Explanation of Proposed Changes**

### ***Additions to Chapter 3.40***

#### **Section 3.40.010 (Establishment)**

In the current version of the chapter, this section both establishes OCA and discusses the terms of appointment for the City Auditor. In our proposed legislation, we have focused this section exclusively on establishment of the office. Discussion of the City Auditor's appointment has been moved to a newly proposed section of the chapter, 030.

One addition to this section is the discussion of OCA's independence. Specifically, we have proposed the following statement: "The organization and administration of the Office of City Auditor shall be sufficiently independent to ensure no interference or influence external to the office shall adversely affect an independent and objective judgement by the City Auditor." This language is modeled after King County Code establishing the [King County Auditor's Office, Section 2.20.005](#).

#### **Section 3.40.020 (Definitions)**

We are proposing to change the focus of this section from Ancillary Powers to Definitions. The discussions of auditor powers and functions in our proposal are moved to Sections 040 and 050.

We added definitions for the terms "Audit," "Performance Audit," and "Recommendation," to clarify their meaning in this context to reference the Generally Accepted Government Auditing Standards that guide OCA's work. The definitions are modeled after King County Code [Section 2.20.007](#).

#### **Section 3.40.030 (City Auditor qualifications and appointment)**

In this new section, Item A is a proposed addition that is not in the current code. Given the changes to the profession and industry in the time since the last update, we felt it pertinent to add information about the process to recruit the City Auditor, as well as minimum qualifications, specifically "at least five years of relevant experience." We modeled this after [ALGA Model Legislation](#), section on Qualifications and other City director-level positions described in the SMC, including the [Office of Professional Accountability \(OPA\) Auditor](#), [City Attorney](#), [Fire Chief](#), and the [SDOT Director](#).

Item B is copied over almost verbatim from current code 3.40.010B (City Auditor—Duties—Appointment). It is underlined in full in the proposed legislation because we are proposing to

change its location within the chapter, but we are proposing minimal edits to the existing language. Specifically, we hope to make clearer the process of City Auditor reappointment, and we worked with the City Attorney's Office to develop the language.

### **Section 3.40.040 (Auditor functions)**

This section is the primary focus of our proposed changes. It draws from sections 020 and 040 of the existing code, as well as other external sources.

Item A is new language and is intended to clearly define the office's mission and purpose. It is also modeled after King County Code [Section 2.20.005](#).

Item B is mostly new language and is intended to define the full scope and authority of the office. It is also modeled very closely after King County Code [Section 2.20.065](#) and [ALGA Model Legislation](#), section on Access to Employees, Records and Property. In current practice, over the course of our audits, OCA expects to have access to most of the records requested from City entities or other entities working on behalf of or under the authority of the City. This authority is critical to ensure that the public has as much transparency as possible into emerging and ongoing issues. We understand that some of the documents and information we request cannot be shared with public in full, but it is vital that OCA retains full access to conduct necessary data review and analysis to reach accurate, meaningful conclusions on City program efficiency and effectiveness. Unfortunately, this scope is not comprehensively described in current code, and some audited entities have previously resisted or rejected our requests. Our proposal attempts to clearly define this full scope and authority, including definitions of "access to persons" and "access to property and records." This section also adds the only one new authority that OCA is requesting in this proposal: subpoena power to compel access.

Item C is copied from current code, Section 3.40.020A, and edited for clarity.

Item D exists almost verbatim in current code; we propose minor changes for clarity.

Item E exists almost verbatim in current code; we propose minor changes for clarity.

Item F exists almost verbatim in current code; we propose minor changes for clarity.

Item G exists almost verbatim in current code, copied from Section 3.40.040B (Auditing Authority); we propose minor changes for clarity.

Item H exists almost verbatim in current code, copied from Section 3.40.040D (Auditing Authority); we propose minor changes for clarity.

Item I is new language modeled after King County Code [Section 2.20.075](#) and [ALGA Model Legislation](#), section on Standards. It describes the government auditing standards that the office has been following for 30+ years and ensures that, no matter who is serving as City Auditor, the office will continue to follow these recognized and respected industry standards.

Item J is new language modeled after [ALGA Model Legislation](#), section on Annual Audit Plan. Since 2006, OCA has included an annual audit work program within the [office's annual report](#). This language codifies the City Auditor's responsibility to develop such a program annually, to provide transparency to elected officials, department directors, and the public.

Item K is new language modeled after King County Code [Section 2.20.010](#) and [ALGA Model Legislation](#), section on Appointment of Employees. It codifies the City Auditor's authority to manage the appointment, supervision, and removal of OCA staff in accordance with all applicable Civil Service rules and collective bargaining agreements.

Item L is new language and defines the City Auditor's authority to undertake a variety of projects, including nonaudit services, special studies, and advisory reports, to carry out its mission of increased transparency to the public. This language is informed by OCA's past work to support City Council, including multi-year evaluations of [Seattle's Secure Scheduling Ordinance](#), the [Sweetened Beverage Tax](#), and the [Gun Safe Storage Ordinance](#).

### **Section 3.40.050 (Auditor powers)**

The sole phrase in this section exists in current code, Section 3.40.040C (Auditing Authority). However, we propose amending the language from a "shall" to a "may."

In theory, OCA should be involved in the selection and oversight of all auditing and accounting consultants with whom the City contracts. However, in practice over the last 30+ years, the office has not been involved, and we do not believe it is necessary to be involved, in every situation. By amending the authority from "shall" to "may," and clarifying the scope to eliminate accounting, the office retains the ability to participate in the selection of audit consultants, if necessary and appropriate.

### **Section 3.40.060 (Post-audit follow-up)**

This section exists in current code as Section 3.40.050, but the language does not reflect the current practices of the office. The proposed updates bring the code in alignment with the office's practices for report follow-up.

Item A is new language modeled after King County Code [Section 2.20.075](#) and [ALGA Model Legislation](#), section on Auditee Response. Specifically, it describes OCA's process for sharing a draft of the audit report with the Executive to solicit comments, as well as concurrence or nonconcurrence with proposed recommendations.

Item B is new language modeled after [ALGA Model Legislation](#), section on Audit Follow-up. It codifies OCA's process for annually reviewing the status of all open audit recommendations, for increased accountability and transparency to the public.

Item D exists almost verbatim in current code; we propose minor changes for clarity.

### **Section 3.40.070 (External peer review)**

This section is new and modeled after [ALGA Model Legislation](#), section on Peer Reviews. It codifies the process for OCA to undergo an external independent peer review, to ensure the office is following the government auditing standards proposed above in Section 3.40.040, Item I. OCA has successfully undergone, and continues to successfully pass, [peer reviews](#) every three years for the past 17 years.

### **Section 3.40.080 (Resources)**

This section is new and modeled after King County Code [Section 2.20.005](#) and [ALGA Model Legislation](#), sections on Funding and Professional Development. This language is intended to ensure that OCA continues to receive adequate resources to carry out its mission of increased transparency to the public. Within the city, this language may be comparable to the establishment of the [Office of Labor Standards Fund](#), however on a smaller scale.

### ***Proposed SMC-wide Deletions***

### **Section 14.08.040 & 14.08.050 (Unfair Practices; First-in-time Evaluation)**

The requested audits were not conducted because there was not enough time for OCA to gather the baseline data needed to conduct an impact evaluation. Instead, with the City Council's approval, we contracted with the UW to conduct the Rental Housing Study, which was published July 20, 2018. Below are links to the four parts of the report. The results of the UW Rental Housing Study were presented in [Council Committee](#) on July 24, 2018. The audit requirements in these sections expired in 2018.

[UW Rental Housing Study - Final Report \(Revised April 2023\)](#)

[UW Rental Housing Study - Appendix A Focus Groups and Interviews](#)

[UW Rental Housing Study Appendix B Landlord Survey \(Revised April 2023\)](#)

[UW Rental Housing Study -Appendix C Data Scraping Tools](#)

**Section 15.52.100 (SPD Audit Request)**

OCA completed an audit of Seattle Police Department Special Events in 2017. All other requirements in this section expired in 2020.

## Attachment 2: Crosswalk of Current and Proposed SMC Sections

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