CITY OF SEATTLE

ORDINANCE 127305

COUNCIL BILL 121072

AN ORDINANCE relating to updating the structure and processes of the Office of City Auditor; amending Chapter 3.40 and Sections 14.08.040 and 14.08.050 of the Seattle Municipal Code; and repealing Section 15.52.100 of the Seattle Municipal Code.

WHEREAS, an independent auditing function can provide objective information on the operations of government programs, assist managers in carrying out their responsibilities, and help ensure full accountability to elected officials and the public; and

WHEREAS, recognized government auditing standards provide a framework for improved government decision making, oversight, and accountability; and

WHEREAS, the King County Code provides a comprehensive description of the authority and functions of the King County Auditor's Office; and

WHEREAS, the Association of Local Government Auditors, which represents local government auditors in the United States and Canada, issued Model Legislation Guidelines for Local Government Auditors; and

WHEREAS, the Office of City Auditor is an independent agency within the legislative branch of Seattle City government; and

WHEREAS, in 1991 Seattle voters created the Office of City Auditor in the City Charter (Article VIII, Section 2). In turn, the Seattle City Council passed Ordinance 116368 establishing Chapter 3.40 of the Seattle Municipal Code, providing further details about the Office of City Auditor's authority and responsibilities; and

WHEREAS, much of Chapter 3.40 has remained unchanged in 33 years, despite changes in the expertise, scope, and operations of the Office of City Auditor; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Chapter 3.40 of the Seattle Municipal Code, last amended by Ordinance 124809, is amended as follows:

Chapter 3.40 OFFICE OF CITY AUDITOR

3.40.010 Office of City Auditor((~~—Duties—Appointment.~~)) – Establishment

((~~A. There is created within the legislative branch of City government a department to be called the Office of the City Auditor, to~~)) To perform the duties provided in Article VIII, Section 2 of the City Charter((~~. The City Auditor shall have a term of four (4) years, and shall be appointed by a majority of the City Council, and may be removed for cause by a majority of the City Council.~~

~~B. Succeeding terms that are not consecutive terms for the same individual shall commence for four (4) years upon appointment of the new City Auditor, regardless of the length of term served by the preceding City Auditor. Consecutive terms for the same individual shall commence for four (4) additional years from the date that individual's previous term expires if the incumbent is reappointed within ninety (90) days before or ninety (90) days after the expiration of the previous term; otherwise the successive term shall commence upon reappointment. If an incumbent seeks reappointment, the City Council should act to approve or disapprove the reappointment at least forty-five (45) days before the expiration of the incumbent's term~~)) , the Office of City Auditor is established in the legislative branch of Seattle City government as an independent, nonpartisan office responsible for providing objective, fact-based analysis and information regarding the performance and operations of City departments, offices, and programs. 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 judgment by the City Auditor.

3.40.020 Definitions

For purposes of this Chapter 3.40:

"Audit" means a performance audit, financial audit or other audit that conforms to Generally Accepted Government Auditing Standards promulgated by the United States Government Accountability Office.

"Performance audit" means an audit that provides objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things: improving program performance, efficiency, and operations; reducing costs; strengthening internal controls; reviewing indications of fraud, waste, or abuse; facilitating decision making by parties responsible for overseeing or initiating corrective action; and contributing to public accountability.

"Recommendation" means a statement of action the City Auditor believes is needed to correct problems or adopt improvements identified in an audit.

3.40.030 City Auditor qualifications and appointment

A. The City Auditor shall be appointed by the City Council after a competitive, nationwide search, using an equity- and merit-based selection process that includes screening for qualified candidates by experienced performance auditors. A qualified candidate for City Auditor shall demonstrate audit proficiency through at least five years of relevant experience in government auditing, program evaluation, or public policy analysis, including a thorough understanding of government auditing standards and a commitment to ethical standards.

B. If the City Auditor wishes to be reappointed, pursuant to Charter Article VIII, Section 2, then the City Auditor shall notify the Council President. The City Council should act to approve or disapprove the reappointment no later than 45 days before the current term's end date. If the reappointment is made within 90 days of the term expiring, the reappointment's term shall start the day after the term expired or will expire; otherwise, it shall start on the date of reappointment.

((~~3.40.020~~)) 3.40.040 City Auditor((~~— Ancillary powers.~~)) functions

Under the direction of the City Council, the City Auditor shall ((~~have the power to~~)):

((~~A. Arrange for audits of federally assisted grants and programs; coordinate auditing activities with the Washington State Auditor and personnel in other City departments; and follow up on reports of examination of the State Auditor;~~

~~B. Require City departments to:~~

~~1. Supply access to accounts and records in whatever media they may be kept, and assist in finding and identifying them; supply documents, computer-readable copies, use of copying machines, and working space for the City Auditor and staff,~~

~~2. Retain identified records pending completion of the audit, and~~

~~3. Cooperate in interviewing of personnel, all for the purpose of conducting audits;~~

~~C. Direct comprehensive internal auditing activities, including financial audits, performance audits, and other initiatives to improve City operations for all City departments;~~))

A. Direct comprehensive auditing activities, including performance audits, financial audits, oversight functions, and other initiatives to improve the performance and accountability of City operations for all City departments and offices;

B. Require all entities that receive appropriations or funding from the City or perform work on behalf of or under the authority of the City, such as City departments, offices, agencies, programs, boards, commissions, pension funds, non-profit organizations, public corporations and private corporations, to provide full and unrestricted access to any and all persons, property, and records in any form that are deemed relevant to an audit review, unless access is specifically prohibited by law or court order; access to persons, property, and records shall be provided to the City Auditor in a timely manner, without limitation, and without charge. Should any City department decline to provide the Office of City Auditor access to documents or data, the declining department shall provide the City Auditor with an itemization describing the documents or data withheld and the legal basis for withholding access to each item. To the extent allowable by law, the Office of City Auditor will maintain the confidentiality and security of all data and records transferred, and under its control, for the purpose of an audit review.

1. “Access to persons” includes information, interviews or testimony by any and all individuals or entities employed by the City, including its officers and employees, or persons performing work on behalf of or under the authority of the City. The City Auditor shall determine the manner of questioning the persons regarding their knowledge. The persons shall fully cooperate with the City Auditor and make full disclosure of all pertinent information.

2. “Access to property and records” includes furnishing and providing access to any and all requested property and records including, but not limited to, physical and digital materials, locations, writings, information systems, operations and data, in a manner determined by the City Auditor. Access to property and records shall be construed to the broadest extent, including property and records designated as confidential or of limited access by contract or law, unless access is specifically prohibited by law or court order. Persons with access to or

responsible for confidential or limited-access property or records shall fully cooperate with the City Auditor in determining a plan of action to provide and manage the property or records, including digital transfer tools, reasonable use of copying equipment, and working space for the City Auditor and staff as necessary to carry out audit review.

3. If, in the exclusive opinion of the City Auditor, access to persons, property, and records does not comply with the provisions of this subsection 3.40.040.B or is otherwise insufficient to meet the needs of the City Auditor to perform the City Auditor's duties, then the City Auditor, with approval of the City Council by resolution, may either issue a subpoena compelling access or require full disclosure under oath, or both;

C. Coordinate auditing activities with the Washington State Auditor, personnel in other City departments, and other auditing entities as necessary;

D. Bring to the attention of the State Auditor and to law enforcement authorities information about a suspected violation of state criminal laws or the City's criminal ordinances; and to the City Attorney information about a suspected civil violation ((~~of the laws where the City has a civil remedy that may result in the~~)) or matter where recovery of funds ((~~or property due to the City~~)) is appropriate;

E. Authenticate papers issued by ((~~his or her office~~)) the Office;

F. Audit the affairs of ((~~the City's public corporations established pursuant to Chapter 3.110; of~~)) recipients of City contracts((~~;~~)) , and ((~~of~~)) accounts and contracts with other governmental agencies established with City assistance under ((~~the Interlocal Cooperation Act (~~)) chapter 39.34 RCW ((~~39.340)~~)); ((~~and~~))

G. Audit contracts and agreements entered into by a City department or office to verify, among other things, that: the procedures prescribed in this Chapter 3.40 were followed; that the compensation or other consideration provided to any contractor has been appropriate, under the circumstances; the contracted-for services were provided in a timely manner; and terms and other considerations were met;

H. Audit employer compliance with Chapters 14.16, 14.17, 14.19, and 14.20 for the sole purpose of evaluating the enforcement efforts of the Office of Labor Standards;

I. Ensure the Office adheres to Generally Accepted Government Auditing Standards and maintains a system of internal quality control, including adequate resources for ongoing staff professional development and procedures for supervision, review and documentation of work performed;

J. Develop an annual audit work program for the Office, which program is subject to change based on evolving risks and circumstances;

K. Appoint, remove, supervise, and control officers and employees in the Office of City Auditor in accordance with Civil Service rules and regulations and applicable collective bargaining agreements;

L. Perform such activities as deemed necessary by the City Auditor to fulfill the mission of the office, including audit and nonaudit services (i.e., services the Office performs that do not need to conform to Generally Accepted Government Auditing Standards), special studies, or advisory reports undertaken to promote transparency, efficiency, and effectiveness in City government; and

((~~G.~~)) M. Perform ((~~such~~)) other activities as ((~~may be~~)) assigned by ordinance ((~~from time to time~~)).

((~~3.40.040 Auditing authority~~)) <u>3.40.050 Auditor powers</u>

((~~A. The City Auditor is authorized to audit the records of the Seattle Public Library, the Seattle City Employees Retirement System, the Firefighters' Pension Fund, and the Police Pension Fund and, to the extent authorized by law, the Seattle Municipal Court.~~

~~B. The City Auditor is authorized to audit each Consultant Contract entered into by a Department to verify, among other things, that the procedures prescribed in this chapter were followed; that the compensation or other consideration provided to any Consultant has been appropriate, under the circumstances, and that the contracted-for services were provided in a timely manner.~~

~~C.~~)) The City Auditor ((~~shall~~)) <u>may</u> participate in the selection <u>and oversight</u> of ((~~all~~)) consultants providing auditing ((~~and accounting~~)) services ((~~in accordance with a memorandum of understanding entered into between such official and the Executive Department. The affected City department or Executive Department office may determine the terms and conditions of the agreement, but any such contract shall be subject to review by the City Auditor. All reports or financial statements submitted by such consultants shall be submitted to the City Auditor and the Director as well as the affected department or Executive Department office.~~)) <u>to a City department or office.</u>

((~~D. The City Auditor shall have the authority to audit employer compliance with Chapters 14.16, 14.17, 14.19, and 14.20 for the sole purpose of evaluating the enforcement efforts of the Office for Civil Rights and the Office of Labor Standards.~~

~~3.40.050~~)) <u>3.40.060</u> Audit reports—<u>Response to auditor—</u>Follow-up required((~~.~~

~~A. It is City policy to follow up on audit reports by the City Auditor.~~)) <u>A. Upon completion of a proposed final audit report, the City Auditor shall send the proposed report to the</u>

official or officials responsible for administration of the entities or programs evaluated by the audit. The City Auditor shall request a written response to the proposed report within five business days, and may approve extensions as appropriate, to be included as an attachment to the published final audit report. If no response is received by the deadline, the City Auditor will publicly release the final audit report without a response, noting its absence. The response shall include:

1. Concurrence, partial concurrence, or nonconcurrence with each report recommendation including any explanation of why full concurrence may not be feasible; and

2. A description of the proposed corrective action or actions that will be taken to implement each report recommendation and an estimated timeline for completing those actions.

B. The City Auditor shall conduct an annual review to assess the status of all open audit recommendations from past audit reports. The City Auditor shall publish a report by May 31 each year on the progress of each recommendation until it has been fully implemented or otherwise resolved.

((B~~.~~)) C. Whenever an audit report identifies a tortious or criminal misappropriation of City funds or property, the department head and the City Attorney shall seek recovery of the moneys and/or other relief as allowed by law.

((~~C. When an audit report discovers a misexpenditure and/or makes a recommendation for a change in practice or procedures of a City department, the affected department shall respond within 30 days. If the City Auditor finds the response unsatisfactory, the City Auditor shall refer the matter to the Chair of the City Council Finance and Budget Committee and the City Budget Director for their review and guidance.~~))

D. When an audit of a City contract or project determines that ineligible costs were paid, the department responsible for the contract shall promptly seek recovery of sums due to the City. The City Auditor may participate in discussions with the contractor toward recovery of money((~~s~~)) due and shall be consulted before a settlement is made. ((~~In event of a disagreement between the City Auditor and a department head, the Mayor or, at his discretion, the City Budget Director shall serve as a mediator.~~)) The Mayor shall serve as mediator in the event of a disagreement between the City Auditor and a department head, unless:

1. The Mayor chooses the City Budget Director to serve as mediator; or

2. The Mayor's Office is responsible for the contract, in which case the City Budget Director shall serve as mediator.

3.40.070 External peer review—Oversight

A. The audit activities of the Office shall be subject to an external peer review every three years, in accordance with applicable government auditing standards by a professional, nonpartisan objective group using guidelines endorsed by the Association of Local Government Auditors.

B. The peer review shall evaluate the quality of audit effort and reporting. Specific quality review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of work paper preparation and evidence, and the adequacy of systems for reviewing internal controls, fraud and abuse, program compliance, and automated systems. The peer review shall also assess the content, presentation, form, timelines, and distribution of audit reports. The Office shall pay for the peer review.

3.40.080 Staff and resources

The City shall provide sufficient staff and resources to enable the Office to perform its work, including, at a minimum, resources for appropriate professional development, continuing professional education, and compliance with applicable professional standards, licensure requirements, and professional certification requirements.

Section 2. Section 14.08.040 of the Seattle Municipal Code, last amended by Ordinance 125639, is amended as follows:

14.08.040 Unfair practices—Generally

* * *

((~~J. Short-term voucher evaluation~~

~~The Department shall ask the City Auditor to conduct an evaluation of the impact of the amendment to the definition of "Section 8 program" in subsection 14.08.020 (effective on the date of the ordinance introduced as Council Bill 118755) to include short-term assistance to determine if the addition of short-term assistance to the definition should be maintained, amended, or repealed. The evaluation should include an analysis of the impact on the ability of tenants to enter into and successfully remain in housing and the impact on the rate of eviction. The City Auditor, at their discretion, may retain an independent, outside party to conduct the evaluation. The evaluation shall be submitted to the City Council by the end of 2018.~~))

Section 3. Section 14.08.050 of the Seattle Municipal Code, last amended by Ordinance 126370, is amended as follows:

14.08.050 First-in-time

* * *

((~~D. First-in-time evaluation~~

~~The Department shall ask the City Auditor to conduct an evaluation of the impact of the program described in subsections 14.08.050.A-C to determine if the program should be maintained, amended, or repealed. The evaluation shall only be conducted on the basis of the program's impacts after 18 months of implementation. The evaluation should include an analysis of the impact on discrimination based on a protected class and impact on the ability of low-income persons and persons with limited English proficiency to obtain housing. The City Auditor, at their discretion, may retain an independent, outside party to conduct the evaluation. The evaluation shall be submitted to the City Council by the end of 2018.~~

~~E.~~)) D. Persons must comply with this Section 14.08.050 by July 1, 2017.

((~~F.~~)) E. Nothing in this Section 14.08.050 shall apply to an accessory dwelling unit or detached accessory dwelling unit wherein the owner or person entitled to possession thereof maintains a permanent residence, home or abode on the same lot.

Section 4. Section 15.52.100 of the Seattle Municipal Code, enacted by Ordinance 124860, is repealed:

15.52.100 Audit requested

((~~The City Council requests the Seattle City Auditor to audit the Seattle Police Department's process for staffing special events. This audit should include the planning, authorization, staffing levels, attendance, and payment of officers for permitted special events under Chapter 15.52. The City Council requests that the first audit take place in the first quarter of 2016 and cover special events staffing for 2010 through 2015. The City Budget Office shall utilize the audit's results and recommendations to perform subsequent annual reviews to take place in the first quarter of each~~

~~year and cover special events staffing for the previous year. The final review will take place in 2020 unless City Council directs otherwise.~~))

Section 5. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the 23rd day of September, 2025, and signed by me in open session in authentication of its passage this 23rd day of September, 2025.

____

President ____________ of the City Council

☑ Approved / ☐ returned unsigned / ☐ vetoed this 26th day of September, 2025.

____

Bruce A. Harrell, Mayor

Filed by me this 26th day of September, 2025.

____

Scheereen Dedman, City Clerk

(Seal)