



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 19978

Proposed No. 2025-0266.2

Sponsors Dunn, Balducci, Perry, Zahilay,
Barón and Quinn

1 AN ORDINANCE relating to contract management and
2 compliance monitoring protocols for the department of
3 community and human services; and amending Ordinance
4 11955, Section 5, as amended, and K.C.C. 2.16.130.

5 **STATEMENT OF FACTS:**

- 6 1. On August 26, 2025, the King County auditor's office produced an
7 audit report titled Department of Community and Human Services Needs
8 to Strengthen Financial Stewardship, outlining the department's contract
9 management practices for youth programs from 2022 to 2025.
- 10 2. The department has awarded more than \$1.8 billion in grant funding in
11 2023 and 2024 combined, up from \$922 million in 2019 and 2020.
- 12 3. Amid rapid growth in grant funding, the department of community and
13 human services took on greater financial risk as a strategy to reduce
14 contracting barriers among organizations with limited government
15 experience.
- 16 4. The auditor's office found that the department could do more to
17 manage its financial risk of these programs by applying internal controls
18 more consistently.

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- 19 5. The audit report revealed gaps in several areas including enforcement
20 of contract terms, validation of invoices, and communication of
21 expectations to staff and grantees.
- 22 6. The report noted that the department runs its own procurement
23 processes to award those moneys, resulting in contracts known as
24 community grants. Unlike other contracts, community grants are outside
25 the scope of King County's central procurement group, limiting
26 independent oversight. In this environment, the department of community
27 and human services faces a higher risk of fraud, waste, and abuse as it
28 allocates public moneys.
- 29 7. Ten recommendations were mentioned in the county auditor's report
30 that highlight where improvements can be made and how they should be
31 addressed.
- 32 8. The King County council supports the department of community and
33 human services in its mission to provide equitable opportunities for
34 individuals to be healthy, happy, and connected to community. In
35 alignment with the mission, the council affirms a guiding principle:
36 restoring public trust and addressing the contracting crisis through
37 financial accountability, transparency, and the responsible use of public
38 moneys. The principle is essential to supporting nonprofit partners and the
39 communities they serve, while upholding rigorous standards of
40 accountability.

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41 9. The King County council is dedicated to supporting the department of
 42 community and human services's commitment to safeguarding public
 43 resources, by creating legislation that will provide more tangible measures
 44 to strengthen that work.

45 10. The council intends to make additional investments in the county's
 46 auditing and oversight functions in the 2026-2027 biennial budget,
 47 appropriating at least two full-time equivalent positions to support an
 48 internal audit function. The council will explore whether these additional
 49 investments can be achieved through reprioritization of existing budgetary
 50 resources.

51 11. The council acknowledges that additional opportunities exist to
 52 improve contracting practices across all county agencies and will explore
 53 ways to effectively implement improvements countywide. Special
 54 attention will be paid to implementing structural, organizational
 55 improvements to enhance accountability, including separation of program
 56 design and advocacy from grant administration and oversight.

57 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

58 SECTION 1. Ordinance 11955, Section 5, as amended, and K.C.C. 2.16.130 are
 59 each hereby amended to read as follows:

60 A.1. The department of community and human services is responsible to manage
 61 and be fiscally accountable for the children, youth, and young adults division, the
 62 behavioral health and recovery division, the developmental disabilities and early

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63 childhood supports division, the adult services division, and the housing and community
64 development division.

65 2.a. As part of its fiscal stewardship responsibility, the department shall
66 develop, document, implement, and adhere to best practices regarding contract
67 management and compliance monitoring, including, but not limited to, the department's
68 current contract compliance monitoring policy, to ensure that publicly-administered
69 moneys are being used in a manner consistent with contract terms and conditions, while
70 concurrently engaging in supportive contracting practices and partnerships with its
71 contract agencies.

72 b. The department shall establish protocols and procedures for monitoring
73 multiyear contract agencies' time spent on contract compliance activities and evaluating
74 the effectiveness and efficiency of contract processes and requirements.

75 c. The department shall at least annually perform a risk assessment of its
76 multiyear contract agencies receiving county-administered moneys and, in addition to
77 general contract management and compliance monitoring activities, perform an in-person
78 site visit of each multiyear contract agency at least once every three years. Site visits
79 conducted in response to a complaint of suspected fraud, waste, or abuse of public
80 moneys shall be prioritized by the department for scheduling and initiated as soon as
81 possible. For the purposes of this section, "multiyear contract agency" means an agency
82 whose contract with the department spans more than one calendar year in duration.

83 d. Beginning July 1, 2026, the department shall require multiyear contract
84 agencies receiving more than fifty thousand dollars in county-administered moneys
85 during a single biennium to complete a financial management and best practices training

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86 developed by the department. The training must be completed by December 31, 2026, or
87 within one hundred eighty calendar days of the effective date of any new contract entered
88 into by the department after July 1, 2026. This training requirement may be waived at the
89 discretion of the department director, or designee, in any one or more of the following
90 circumstances:

91 (1) the multiyear contract agency has completed the department-designated
92 financial management and best practices training within the three years before the
93 effective date of the contract;

94 (2) the multiyear contract agency provides to the department a copy of
95 audited financial statements that were prepared by an independent certified public
96 accountant for the two most recent fiscal years and include an unqualified opinion on the
97 statements and no indication of material weakness in the agency's internal controls;

98 (3) the multiyear contract agency provides to the department a copy of two
99 single audits, also referred to as an A-133 audit, that were prepared by an independent
100 certified public accountant and completed within the two most recent fiscal years and that
101 do not contain an indication of material weakness in the agency's internal controls;

102 (4) the multiyear contract agency has been identified as a low-risk grantee
103 through the risk assessment required by subsection A.2.c. of this section;

104 (5) the multiyear contract agency received an in-person site visit from the
105 department during the prior calendar year with no negative findings; or

106 (6) any other criteria that may be established and documented in written
107 policy in the future by the department.

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108 B. The duties of the children, youth, and young adults division shall include the
109 following:

110 1. Working in partnership with communities and other funders to develop,
111 support, and provide human services that emphasize prevention, early intervention, and
112 community education, and that strengthen children, youth, young adults, families, and
113 communities in King County; and

114 2. Managing programs that promote healthy childhood development, enhance
115 youth resiliency, reduce justice system involvement, strengthen families and
116 communities, and ensure all children, youth, and young adults have the opportunity to
117 achieve their full potentials. The division shall also provide staff to support the King
118 County children and youth advisory board.

119 C. The duties of the behavioral health and recovery division shall, subject to
120 available resources and to its exercise of discretionary prioritization, include the
121 following:

122 1. Managing and operating a comprehensive continuum of behavioral health
123 services including prevention, mental health, substance use disorder, and co-occurring
124 disorder treatment services for children, youth, and adults who meet eligibility criteria;

125 2. Managing and operating a twenty-four-hour crisis response system, including
126 civil commitment as a last resort;

127 3. Selecting appropriate agencies for the provision of behavioral health services
128 and developing, implementing, and monitoring the provision and outcomes of contracted
129 services;

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130 4. Being responsible for resource management of a comprehensive behavioral
131 health system including provision of staff support to appropriate advisory boards, and
132 serving as liaison to federal, state, and other governments and relevant organizations in
133 carrying out planning and allocation processes;

134 5. Facilitating the continuing availability of appropriate treatment services for
135 eligible individuals with a diagnosis of a mental illness, substance use, or co-occurring
136 disorder; and

137 6. Developing and maintaining a continuum of appropriate treatment services
138 for eligible individuals.

139 D. The duties of the developmental disabilities and early childhood supports
140 division shall include the following:

141 1. Managing and operating a system of services for infant mental health, early
142 childhood development screening, and a system of services for persons with
143 developmental disabilities in accordance with relevant state statutes and county policies
144 and to provide staff support to the King County board for developmental disabilities; and

145 2. Negotiating, implementing, and monitoring contracts with community
146 agencies for the provision of developmental disabilities and early childhood support
147 services.

148 E. The duties of the adult services division shall include the following:

149 1. Working in partnership with communities to develop, support, and provide
150 human services and programs that emphasize health and safety, self-sufficiency, and
151 healthy aging. The programs are to include, but not be limited to, providing employment
152 and training for adults to achieve self-sufficiency, providing supports to survivors of

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153 abuse and trauma, and providing health, socialization, and wellness services to promote
154 healthy aging in place;

155 2. Providing assistance to indigent veterans and their families as authorized by
156 chapter 73.08 RCW; and

157 3. Providing staff support for the women's advisory board as specified in K.C.C.
158 2.30.040 and for the veterans, seniors, and human services levy advisory board and its
159 committees consistent with state and county requirements.

160 F. The duties of the housing and community development division shall include
161 the following:

162 1. Managing programs that address housing and community development needs,
163 and helping implement improvements identified in subarea and neighborhood plans for
164 low-and-moderate income communities;

165 2. Administering the county's federal housing, homelessness, and community
166 development moneys and other housing, homelessness, and community development
167 moneys;

168 3. Developing housing, homelessness, and community development policies and
169 programs to implement the growth management policies throughout King County to
170 provide affordable housing to low-and moderate-income residents; and

171 4. Providing staff support for the renter's commission as specified in K.C.C.
172 chapter 2.150.

173 SECTION 2. The department of community and human services shall offer, no
174 later than March 31, 2026, to provide a briefing to the committee of the whole, or its
175 successor, to update the committee on the status of the department's contract management

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and compliance monitoring activities, including, but not limited to, activities initiated consequent to any recommendations from the King County auditor's office, as well as a summary of previous recommendations from prior county audits that identified similar challenges with financial oversight of county-administered grants and a report of what has been learned and implemented from those recommendations, including why any recommended actions were not implemented.

SECTION 3. A. The department of community and human services shall provide, by no later than October 20, 2025, the following reports to the council:

1.a. A report analyzing the feasibility of establishing a services provider capacity and fiscal partnership program that makes available to all department multiyear contract agencies ongoing technical assistance and capacity building services. Examples of technical assistance and capacity building services may include, but not be limited to, contract compliance training, financial management services, or any other best practices financial advisory services.

b. The report should also identify an estimated implementation timeline, with a goal of program implementation beginning January 1, 2026, as well as any resources needed for enabling program implementation.

c. Additionally, the report should include a recommendation regarding whether a services provider capacity and fiscal partnership program would be more suitable for administration by the department, an external service provider, or both;

2. A report detailing the feasibility of implementing the auditor's recommendations and proposed amendment concepts. The report shall include, but not be limited to:

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- 199 a. an evaluation of whether reforms can be achieved within existing resources;
 200 b. a recommended timeline and implementation plan;
 201 c. an assessment of associated costs; and
 202 d. identification of structural changes required to ensure lasting oversight
 203 improvements; and

204 3. A report analyzing the feasibility of establishing an expanded public
 205 dashboard that provides information on departmental contract outcomes to demonstrate
 206 appropriate and effective use of contract award moneys. The report shall include, but not
 207 be limited to:

- 208 a. a list of recommended departmental contract outcomes, such as exits to
 209 housing, treatment completions, recidivism reductions, hospital emergency room and jail
 210 touchpoints, to include in the expanded public dashboard;
 211 b. a recommended timeline and implementation plan; and
 212 c. an assessment of associated costs.

213 B. The executive shall electronically file the reports required by subsection A. of
 214 this section with the clerk of the council, who shall retain an electronic copy and provide
 215 an electronic copy to all councilmembers.

216 SECTION 4. A. By November 30, 2025, the department of community and
 217 human services shall provide a status update letter to the council responding to the
 218 auditors' recommendations and any available plans for implementation of improvements
 219 to contract management and compliance monitoring activities.

220 B. The executive shall electronically file the letter with the clerk of the council,
 221 who shall retain an electronic copy and provide an electronic copy to all councilmembers.

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222 SECTION 5. A.1. The department of community and human services shall
223 provide an electronic notification letter to the council, which should also be made
224 available in any department dashboard reporting, on or before March 31 of each year,
225 beginning in 2026, that includes, but is not limited to, the following information:

226 a. the percentage of its multiyear contract agencies that received an in-person
227 site visit from the department during the prior calendar year;

228 b. a status update on the department's contract management and compliance
229 monitoring activities; and

230 c. a summary of data for the prior calendar year regarding monitoring of
231 contract agencies' time spent on contract compliance activities and evaluating the
232 effectiveness and efficiency of contract processes and requirements.

233 2. The executive shall electronically file the letter with the clerk of the council,
234 who shall retain an electronic copy and provide an electronic copy to all councilmembers.

235 B. In addition to the annual notification letter required in subsection A. of this
236 section, if the department identifies credible evidence of contractor agency fraud, waste,
237 or abuse of county-administered moneys, the department shall provide an electronic
238 notification letter to the clerk of the council that provides a summary of any substantiated
239 findings within thirty calendar days of any substantiated findings. The clerk of the
240 council shall retain an electronic copy of the electronic notification letter and provide an
241 electronic copy to all councilmembers.

242 SECTION 6. A. To aid in supporting the department of community and human
243 services's commitment to fiscal accountability and safeguarding public resources, the
244 King County auditor's office, in collaboration with the King County ombuds, is requested

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245 to provide a written report to the council that includes, but is not limited to the following
246 information:

247 1. Analysis on the feasibility of, and anticipated timeline, recommended
248 structure and powers, and associated costs for, adding an inspector general position or
249 positions within the auditor's office, or within a department outside of the department of
250 community and human services, who would be responsible for auditing, investigating,
251 and receiving public concerns and complaints of suspected contracting agency fraud,
252 waste, or abuse of county-administered moneys;

253 2. Analysis of the feasibility of, and anticipated timeline and associated costs
254 for, creating a qui tam program relating to department of community and human services-
255 administered moneys that is administered within or external to the auditor's office; and

256 3. Analysis of the feasibility of, and anticipated timeline and associated costs
257 for, creating an independent contract review process for department of community and
258 human services-administered contracts that are administered within or external to the
259 auditor's office.

260 B. Where warranted, analysis included in the report requested by subsection A. of
261 this section may recommend that new functions, positions, programs and reviews not be
262 limited in scope to the department of community and human services.

263 C. The report requested by subsection A. of this section should be electronically
264 provided to the clerk of the King County council by June 1, 2026, with a status report

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265 provided by March 1, 2026, who shall retain a copy and provide an electronic copy to all
266 councilmembers.

Ordinance 19978 was introduced on 9/2/2025 and passed as amended by the
Metropolitan King County Council on 9/23/2025, by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Mosqueda, Perry,
Quinn, von Reichbauer and Zahilay

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Signed by:



1AEA3C5077F8485...

Girmay Zahilay, Chair

ATTEST:

DocuSigned by:



8DE1BB375AD3422...

Melani Hay, Clerk of the Council

APPROVED this _____ day of 10/6/2025, _____.

Signed by:



AAA4841FD7644BE...

Shannon Braddock, County Executive

Attachments: None

Certificate Of Completion

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SEATTLE, WA 98104

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Girmay Zahilay

girmay.zahilay@kingcounty.gov

Council Chair

Security Level: Email, Account Authentication
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Melani Hay

melani.hay@kingcounty.gov

Clerk of the Council

King County Council

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Shannon Braddock

Shannon.Braddock@kingcounty.gov

Deputy Executive

Security Level: Email, Account Authentication
(None)

Signed by:

AAA4841FD7644BE...

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