



King County

JOINT STUDY FROM THE OFFICES OF THE
KING COUNTY AUDITOR AND OMBUDS

MARCH 18, 2026

Building Toward Effective Fraud Risk Management and Response

Feasibility: Inspector General, Qui Tam, and Contract Oversight

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Executive Summary

Financial accountability and ethical conduct are necessary to promote trust in government. This study fulfills a request under King County Council Ordinance 19978 to support financial accountability by analyzing the feasibility of additional oversight functions. This report focuses on administrative oversight, not criminal investigation and prosecution. According to the International Public Sector Fraud Forum, governments generally lose 0.5 to 5 percent of their spending to fraud. There is little evidence to think King County is an exception. While the impetus for Ordinance 19978 was a contract management audit,¹ fraud risk is not limited to contractors. As such, this report looks broadly at leading practice in fraud risk management and addresses gaps in county systems that relate to contracts, other third parties, and employees alike.

This study covers six gaps in county systems related to financial accountability:

1. Lack of internal fraud investigation capacity
2. Complex policy environment
3. Gaps in independent contract oversight
4. No clear reporting path
5. Limited fraud and ethics awareness
6. Limited information and analytics

These gaps can limit the effectiveness of efforts to prevent, detect, and respond to fraud and improper acts.² We focus on gaps to identify where King County can bring energy and resources to create positive change. There are, however, many ways the County already supports financial accountability. For example, the County has ethics and whistleblower ordinances, empowers the Office of the Ombuds to conduct independent investigations, conducts centralized loss reporting in compliance with state law, and operates an enterprise risk management program.

For each gap in this study, we discuss the current state of county systems, leading practices, and actions the King County Council could take to close the gap. Per Ordinance 19978, we discuss inspector general positions (Gaps 1 and 4), qui tam provisions (Gap 2), and independent contract review

¹ King County Auditor's Office, [Department of Community and Human Services Needs to Strengthen Financial Stewardship](#), August 26, 2025.

² For simplicity, we use the term "fraud and improper acts" throughout this study to refer to misconduct that relates to financial accountability, including fraud, waste, abuse, ethics violations, improper governmental action, and improper payments. The Office of the Ombuds already addresses much of this scope, including ethics and improper governmental action.

(Gap 3). In appendix 2, we include a table summarizing feasibility of these forms of oversight, and our estimated costs and potential timelines for different implementation options. In appendix 3, we include a list of potential revisions to King County Code to support financial accountability by enhancing independent oversight.

While not quantified in this report, there are likely to be savings that offset investments in increased financial accountability, including new programs. For example, research by the Association of Certified Fraud Examiners (ACFE) found that dedicated fraud teams reduced median fraud losses by 41 percent, while hotlines reduced median fraud losses by half.³ This same report found that governments experienced a median fraud loss of \$150,000 per case in 2024. In addition, research by the Center for Effective Public Management at Brookings found that most offices of inspector general are revenue-positive, with a median return of \$6.38 for every \$1 spent across 19 federal offices between 2010 and 2014.⁴



GAP 1: Lack of internal fraud investigation capacity

King County lacks administrative investigation functions trained to address fraud and improper acts, reducing effectiveness, consistency, and quality. There are no standard investigation procedures, and county agencies have investigative authority without safeguards to ensure investigative quality or independence. In addition, the Washington State Auditor's Office does not conduct fraud investigations focused on local government contractors.



LEADING PRACTICE — Fraud investigations should be carried out by qualified individuals in investigative organizations that are independent in both fact and appearance. Maximum independence can come from placing investigative functions outside the reporting line of the unit under investigation.



OPTIONS — The King County Council could create an independent fraud investigation program that follows professional standards.

The Committee of Sponsoring Organizations of the Treadway Commission includes investigation and corrective action as an essential component of managing fraud risk. In King County, various agencies have investigative authority, and some have investigative staff, but there is no dedicated fraud team. In addition, county investigators are often located within the agencies they are investigating, limiting the

³ *Occupational Fraud 2024: A Report to the Nations*

⁴ Hudak, John and Grace Wallack. *Sometimes cutting budgets raise deficits: The curious case of inspectors' general return on investment*. Center for Effective Public Management at Brookings, April 2015.

appearance of independence and objectivity. This means investigations into fraud and improper acts are often either outsourced or conducted without consistent procedures. Following the County Auditor's recent contract management audit, the County Council updated county code to direct the Department of Community and Human Services to notify it of any substantiated findings of fraud, waste, or abuse. For this to happen, the County needs to clarify investigation processes for substantiating allegations.

GAP 2: Complex policy environment

King County Code addresses some facets of fraud and improper acts, but there are silos that reduce consistency, transparency, and effectiveness. In addition, there is no requirement that all county contracts and grants include standard terms requiring ethical conduct. This limits accountability for payments to third parties, increasing risk of fraud and improper acts.

 **LEADING PRACTICE** — Legislation sets the tone at the top for addressing fraud and improper acts.

 **OPTIONS** — The King County Council could propose new legislation on fraud and improper acts and locally funded grants. It could simplify and clarify existing code by using plain language, incorporating overarching principles, and outlining roles and responsibilities. Finally, the County Council could require that standard terms for all grants and contracts include ethics clauses.

According to the Committee of Sponsoring Organizations of the Treadway Commission, legislation is an important way to bring high-level attention to fraud risk management in government organizations. The International Public Sector Fraud Forum recommends that organizations have a clear, understood code of conduct to prevent fraud and improper acts. At the federal, state, and local level, governments have enacted false claims laws and ordinances to address improper payments with and without qui tam provisions. King County does not yet have a clear definition of fraud, and its code of ethics lacks clarity on appropriate conduct. Aspects of King County Code and policies address facets of fraud and improper payments but lack overarching principles, clear inter-relationships, and plain language that foster a culture of integrity.

GAP 3: Gaps in independent contract oversight

Neither the King County Auditor nor the King County Ombuds has an explicit inspection program defined by professional standards. In addition, there is no requirement that all county contracts include standard terms subjecting contractors and grantees to inspection. This limits accountability for payments to third parties, increasing risk of fraud and improper acts.

 **LEADING PRACTICE** — Inspectors and inspection organizations should be independent in fact and appearance. Management establishes control activities through documentation.

 **OPTIONS** — The King County Council could explicitly create an independent inspection program that follows professional standards and is reinforced by requirements that all grants and contracts include inspection clauses.

According to the Council of the Inspectors General on Integrity and Efficiency, oversight organizations have long used inspections and evaluations as “flexible and effective mechanisms to fulfill their mission.” Inspectors general conduct inspections, investigations, and audits, but each body of work is distinct. For example, an inspection could involve reviewing contract documents for compliance with county code and policy and reporting the results at the contract level. In contrast, an audit could conduct a similar review while reporting results at the department level to promote systems change. As a result of their broader context, audits can take much longer to conduct than inspections. Both the Auditor and Ombuds have implicit authority to conduct inspections, but this authority could be more clearly stated in code. In addition, while some county contracts include provisions that subject contractors to inspections, there is no requirement that agencies include these provisions in all grants and contracts.

GAP 4: No clear reporting path

King County does not have a single reporting system (e.g., hotline) for fraud and improper acts. This limits both the number of allegations the County receives and options for reporters to remain anonymous.

 **LEADING PRACTICE** — Reporting systems that are centralized, accessible, and anonymous help prevent and detect fraud and improper acts. Offices of inspector general typically operate independent reporting systems.

 **OPTIONS** — The King County Council could create a central reporting system, e.g., a hotline, to more effectively prevent and detect fraud and improper acts.

Organizations with dedicated reporting systems were nearly twice as likely to detect fraud through tips as organizations without them, according to ACFE's 2024 report on occupational fraud. The ACFE, Government Finance Officers Association, and others recommend reporting systems that are centralized, accessible, and anonymous. King County's current approach to reporting is decentralized and not sufficiently accessible. As a result, employees, contractors, and the public may not know how to report issues that can help the County identify and address gaps in financial accountability and integrity. A dedicated reporting system would likely increase reporting and require collaboration across county agencies to ensure allegations are addressed appropriately.

GAP 5: Limited fraud and ethics awareness

King County does not require anti-fraud training, promote awareness of fraud or improper acts among staff and contractors, or ensure that contractors attest to their understanding of county policies. As a result, the County is missing opportunities to foster a culture of integrity.

 **LEADING PRACTICE** — Offering fraud awareness training to all staff on a regular basis is a leading practice. Ensuring that contractors are aware of relevant standards of conduct is also important.

 **OPTIONS** — The King County Council could designate an executive agency to be responsible for administering regular fraud awareness training and ensuring contractors are aware of and agree to the County's standards of conduct.

The federal Chief Financial Officers Council emphasizes that "fraud is not a four-letter word." Promoting awareness through ongoing and relevant training helps organizations build a culture of integrity. The US

Government Accountability Office outlines three key elements of fraud awareness training: risks, responsibilities, and effects. Since bad actors frequently use contractors to conceal improper payments, the ACFE suggests training contractors in addition to employees. Awareness can also be increased by requiring employees and contractors to affirm their understanding of policies related to fraud and improper acts and ensuring relevant information is accessible. Because the County does not yet have a robust strategy to increase awareness about fraud and improper acts, it is missing opportunities to reduce losses through prevention — the most cost-effective approach — and early detection.

GAP 6: Limited information and analytics

King County does not conduct regular fraud risk assessments and does not centrally analyze data on fraud and improper acts. This limits transparency and risk-based decision-making.

 **LEADING PRACTICE** — The US Government Accountability Office lists regular fraud risk assessments as one of its four components of effective fraud risk management and includes collecting and analyzing data among its leading practices.

 **OPTIONS** — The King County Council could assign responsibility for coordinating regular fraud risk assessments to an executive agency and require centralized data collection and analysis.

Despite its robust enterprise risk management program, King County does not yet conduct regular fraud risk assessments and does not centrally analyze and collect information on fraud and improper acts. This information is important for several reasons. First, risk assessments can help strengthen internal controls that are intended to prevent and detect fraud early, limiting potential losses. Second, risk assessments and data analytics provide information that can make awareness efforts like training and communications more relevant and impactful. Third, analytics can provide data on the financial impact of fraud and improper acts to help assess the cost-effectiveness of fraud risk management strategies.

Introduction

SECTION SUMMARY

Financial accountability and ethical conduct are necessary to promote trust in government. To support fiscal accountability, this study fulfills a request by the King County Council to analyze the feasibility of additional oversight functions, positions, programs, and reviews. Throughout this study, we use the term “fraud and improper acts” to refer to various actions that can result in losses of public resources and undermine integrity. The US Government Accountability Office (GAO) identifies three types of activities that organizations can take to manage fraud risk: prevention, detection, and response. Governments carry out these activities in various ways, including through offices of inspector general, qui tam provisions, and independent contract reviews. The County Council directed this study to include but not be limited to these forms of oversight. This section discusses the purpose of this study, the importance of financial accountability and integrity, and key concepts.

What is the purpose of this study?

This study fulfills a request under King County Council Ordinance 19978 to support fiscal accountability and safeguard public resources. The County Council acknowledged that all county agencies had opportunities to improve contracting practices following an August 2025 performance audit of the Department of Community and Human Services.⁵ The audit found gaps in contract management that increased the risk of fraud and improper acts. The County Council asked that this study include information on at least three forms of oversight:

1. Inspector general position(s)
2. Qui tam provisions
3. Independent contract review

An excerpt from the ordinance requesting this study is included in appendix 1, and a table summarizing the feasibility of these forms of oversight is included in appendix 2.

⁵ King County Auditor’s Office, [Department of Community and Human Services Needs to Strengthen Financial Stewardship](#), August 26, 2025.

? Why are financial accountability and integrity important?

Financial accountability and integrity promote trust in government and safeguard public resources. According to the International Public Sector Fraud Forum (IPSFF),

governments generally lose 0.5 to 5 percent of their spending to fraud. There is little evidence to indicate that King County is an exception. Moreover, as discussed by the IPSFF and the Committee of Sponsoring Organizations of the Treadway Commission, the total impact of public sector fraud goes beyond financial losses to include:

- decreased trust in the government and its programs
- government programs failing to achieve stated goals
- fewer or lower quality public services
- people experiencing trauma and other harm from being victimized
- higher staff turnover
- damage to the environment and industry from deceptive practices
- greater scrutiny from law enforcement and regulators

To curb these negative outcomes, King County’s Employee Code of Ethics (KCC 3.04) aims to limit conflicts between private and public interest. In addition, Whistleblower Protection (KCC 3.42) encourages employees to report improper governmental action, and executive policy (*Reporting and Investigating Fraud, Losses, or Other Illegal Acts* FIN-15-6-EP) gives employees a duty to report fraud.

? What does “fraud and improper acts” mean?

For simplicity, we use the phrase “fraud and improper acts” throughout this study to refer to misconduct that relates to financial accountability and integrity. We group these concepts together because they can all result in losses of public resources and reduce trust in government. Below, we define the concepts included under this umbrella. We source the definitions of fraud, waste, and abuse from the *Government Auditing Standards*.⁶ The sources of the other definitions are included in parentheses.

- **Fraud:** An act involving obtaining something of value through willful misrepresentation.
- **Waste:** Use or expenditure of resources that is careless, extravagant, or without purpose.

⁶ *Government Auditing Standards*, as well as *Federal Internal Control Standards*, clarify that only a judicial or adjudicative system can determine if something is in fact fraud. The *CFE Code of Professional Standards* further state that, in their reports, Certified Fraud Examiners shall not express opinions on the legal guilt or innocence of any party.

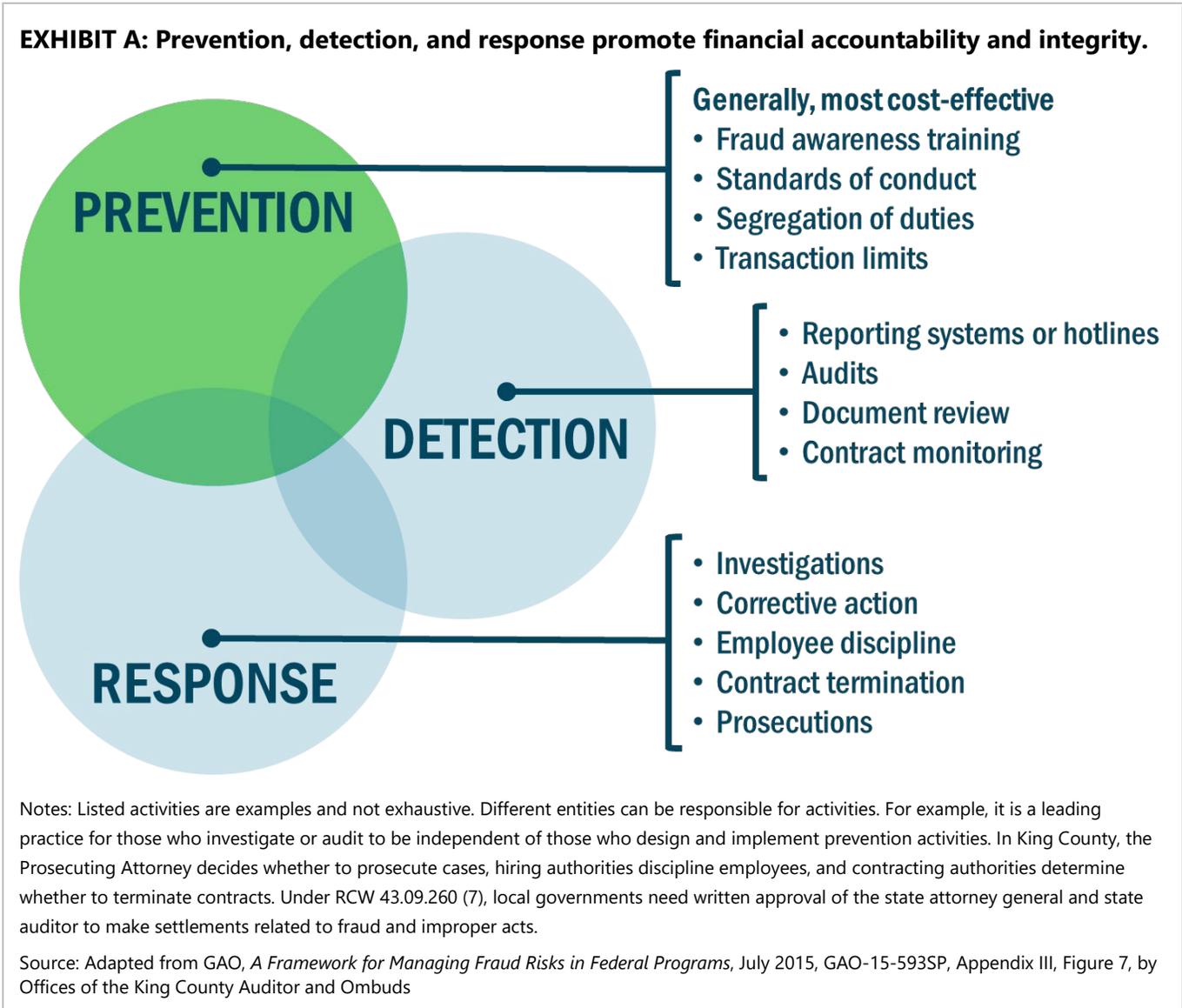
- **Abuse:** Behavior that is deficient or improper compared with what a prudent person would consider reasonable and necessary given the circumstances.
- **Ethics violations:** Violations of the Employee Code of Ethics, such as conflicts of interest (*KCC 3.04*).
- **Improper governmental action:** Actions defined in Whistleblower Protection, such as violation of law or rule, abuse, gross mismanagement, or gross waste (*KCC 3.42*)⁷.
- **Improper payment:** Any payment that should not have been made, was made in an incorrect amount, or made with insufficient documentation (*Federal Internal Control Standards*).

? What kinds of activities promote financial accountability and integrity?

The GAO outlines three types of activities that promote financial accountability and integrity: prevention, detection, and response.⁸ Prevention activities stop or deter people from committing fraud and improper acts. Detection activities identify potential instances of misconduct, while response encompasses activities after detection. Response activities may include investigations, strengthening prevention and detection, and consequences such as employee discipline, contract termination, civil penalties, and referral to law enforcement or criminal prosecutors (see exhibit A). According to GAO, prevention, detection, and response activities are “interdependent and mutually reinforcing.” For example, reporting systems contribute to detection by increasing the number of allegations of fraud and improper acts and contribute to prevention by increasing the perceived risk of getting caught among potential bad actors.

⁷ These terms may be defined differently in different legal contexts.

⁸ GAO, *A Framework for Managing Fraud Risks in Federal Programs*, July 2015, GAO-15-593SP.



? What is King County doing now to enhance financial accountability and integrity?

King County promotes financial accountability and integrity in several ways. For example, standards of conduct are outlined in the Employee Code of Ethics (KCC 3.04), which also applies to contractors. County code also includes a whistleblower ordinance that offers protection against retaliation to employees who report improper governmental acts. The King County Office of the Ombuds operates a reporting system, conducts effective investigations, and reports annually on ethics and whistleblower complaints. All employees are required to acknowledge their responsibility to adhere to ethics code upon employment, and the

Department of Executive Services is developing strategies to strengthen the County's Ethics Program.

The King County Executive has policies on internal controls and fraud and recently issued an executive order to set the tone at the top for accountability. The March 2026 executive order announces plans to increase ethics and anti-fraud training, create a subcabinet on accountability, and enhance internal controls for grantmaking. Agencies with grant portfolios, including the Department of Community and Human Services and Public Health – Seattle & King County, have compliance teams monitoring grants and contracts. These and other agencies are already working to increase training and awareness of fraud and improper acts. The Finance and Business Operations Division centrally manages loss reporting to the Washington State Auditor's Office, as required by state law, and is working to make its data more accessible. Executive fraud policy states that the County takes allegations of fraud seriously and will have them investigated using qualified and independent individuals. In addition, the County operates an enterprise risk management program that increases its readiness to implement a fraud risk management program.

? What are offices of inspector general?

Offices of inspector general provide independent oversight of government programs and operations through audits, investigations, and inspections. According to the Inspector General Act (5 USC Ch. 4), their purpose is to address fraud, waste, and abuse; promote efficiency and effectiveness; and keep senior leadership informed about issues and corrective actions. Offices of inspector general are generally known for their:

- organizational independence
- ability to receive complaints
- powers to issue subpoenas and administer oaths.

Offices of inspector general exist at the federal, state, and local level. The Association of Inspectors General is an international organization that advocates for the inspector general model "to combat waste, fraud and abuse — and protect taxpayers' investment in local government." According to the City and County of San Francisco (CA), local government inspectors general vary in structure, independence, and authority, but most local offices are their own departments. Examples of local government inspectors general are shown in exhibit B. King County does not have an office of inspector general and carries out independent audit and investigative functions through the offices of the County Auditor and County Ombuds. We discuss inspectors general in more detail under Gaps 1 and 4.

EXHIBIT B: Examples of local government inspectors general.

			
<p>MIAMI-DADE COUNTY, OFFICE OF THE INSPECTOR GENERAL</p>	<p>NEW YORK CITY, DEPARTMENT OF INSPECTIONS</p>	<p>SAN FRANCISCO CITY AND COUNTY, OFFICE OF THE CONTROLLER</p>	<p>SEATTLE, OFFICE OF INSPECTOR GENERAL</p>
<p>Assigns staff to audit, investigation, and contract oversight</p>	<p>Embeds staff in city departments to build subject matter expertise</p>	<p>Has an inspector general with expanded investigative powers related to contractors and grantees</p>	<p>Conducts oversight of policing</p>

Source: Offices of King County Auditor and Ombuds analysis

? What are “qui tam” provisions?

Qui tam is short for a Latin phrase meaning people who sue on behalf of the government as well as themselves. The phrase is closely associated with the US False Claims Act (FCA). It refers to provisions in the FCA that allow people to bring civil action on behalf of the federal government and receive up to 30 percent of funds recovered. Civil action is based on false claims, which are requests or demands for payment that are based on false information.

Contractors and individuals alike can make false claims. For example, contractors could misrepresent their services to seek excess payment, and individuals could misrepresent their circumstances to receive benefits for which they are ineligible. The FCA originated in 1863 to address contractor overpayments. False claims laws exist at the state and local level with and without qui tam provisions. Examples of local ordinances with qui tam provisions are provided in exhibit C. We discuss qui tam provisions under Gap 2.

EXHIBIT C: Examples of local governments with qui tam provisions.

<p>ELEMENTS OF FALSE CLAIMS ORDINANCE</p>			
	<p>ALLEGHENY COUNTY, PA</p>	<p>CHICAGO, IL</p>	<p>MIAMI-DADE COUNTY, FL</p>
	<p>Limits scope to claims worth more than \$10,000</p>	<p>Allows courts to award fees and expenses to defendants if allegations are “clearly frivolous”</p>	<p>Includes a presumption of false claims when contractors’ overhead costs exceed 10 percent of their final bid</p>

Source: Offices of King County Auditor and Ombuds analysis

Gap 1: Independent, Centralized Fraud Investigation Capacity

SECTION SUMMARY

The King County Council has an opportunity to build investigation capacity by creating a qualified, central, independent fraud investigation function governed by professional standards. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) includes investigation and corrective action as an essential component of managing fraud risk. Leading practice is for investigations to be carried out by qualified individuals who are independent in both fact and appearance. In King County, various agencies have investigative authority, and some have investigative staff, but they do not specialize in fraud and improper acts. In addition, county investigators are often located within the agencies they are investigating, limiting the appearance of independence and objectivity. This means investigations into fraud and improper acts are often either outsourced or conducted without consistent procedures. Following the County Auditor’s recent contract management audit,⁹ the County Council updated code to direct the Department of Community and Human Services (DCHS) to notify it of any substantiated findings of fraud, waste, or abuse. For this to happen, the County needs to clarify investigation processes for substantiating allegations.

Investigators should be qualified, independent

King County could build qualified, independent investigation capacity to provide consistent and prompt responses to fraud and improper acts. Governments may work every day to prevent and detect fraud and improper acts, but questionable activity will still arise. Readiness to investigate quickly and thoroughly helps support financial accountability and build public trust. According to the Institute of Internal Auditors, it is “essential” for fraud investigations to be carried out by “suitably qualified individuals to reduce the risk of compromising evidence, accusing wrongfully, or undermining prospective legal actions” in the event of litigation, employee or contractor sanctions, or financial recovery. Investigative organizations should also be independent both in fact and appearance, according to the *Quality Standards for Investigations* issued by the Council of the Inspectors General on

⁹ King County Auditor’s Office, [Department of Community and Human Services Needs to Strengthen Financial Stewardship](#), August 26, 2025.

Integrity and Efficiency. Independence standards aim to ensure that investigative findings and recommendations are “impartial and viewed as impartial by knowledgeable third parties.” The *Quality Standards for Investigations*, which federal inspectors general follow, notes that impairments to independence may include a prior decision-making or managerial role or “authority to overrule or influence” the investigation and its findings. As a result, these professional standards recommend placing investigative functions “outside the staff or reporting line of the unit or employees under investigation.”

Many county agencies have investigative authority

King County Code gives many agencies the authority to investigate reports of fraud and improper acts with limited independent oversight. Whistleblower Protection (KCC 3.42, hereafter whistleblower code or whistleblower ordinance) grants internal staff and independent agencies authority to investigate “improper governmental action” (see exhibit D). Whistleblower code grants organizationally independent agencies the authority to investigate all branches of government except for the judicial branch. This may be because judges must adhere to the Washington State Code of Judicial Conduct and are subject to oversight by the Washington State Commission on Judicial Conduct. However, other judicial branch personnel — such as those who manage finances and operations in administrative functions — are not subject to independent oversight.

EXHIBIT D: King County whistleblower code grants broad investigative authority, without guarantees of independence or qualification.

ACTIVITY IN	REPORTING AND INVESTIGATION BY	
	Independent agency	Internal staff
Departments of Assessments, Elections, and Judicial Administration	Ombuds	Department Director
Executive Branch	Ombuds	Department Director or County Executive
Legislative Branch	Prosecuting Attorney's Office	Council Chair
Prosecuting Attorney's Office	State Auditor or State Attorney General	N/A
District Court, Superior Court	NONE	Presiding Judge

Note: Investigative authority for improper governmental action is outlined under KCC 3.42.030(D). The County Ombuds has authority to investigate staff of the Prosecuting Attorney's Office for whistleblower retaliation but not improper governmental action (KCC 3.42.060.B). Code defines "improper governmental action" to include violation of law, ordinance, rule; abuse of authority; gross mismanagement; substantial, specific danger to public health or safety; gross waste of public funds; and preventing dissemination of scientific opinion or altering technical findings without scientifically valid justification.

Source: Offices of King County Auditor and Ombuds analysis

Ethics code, like whistleblower code, excuses the judicial branch administrative functions from independent oversight by county entities.

The King County Employee Code of Ethics removes the judicial branch from the County Ombuds' investigative authority by excluding it from its definitions of "county action" and "employee."¹⁰ This results in different treatment for similar employees since ethics code applies to executive branch employees within the Department of Judicial Administration but not to administrative staff who are placed in the organizational hierarchy of the Superior and District courts.

¹⁰ KCC 3.04.017.D.2 states that "'County action' ... shall not include actions of the county's judicial branch but shall include employees of the department of judicial administration." KCC 3.04.017.E states that "'County employee' ... does not include officials or employees of the county's judicial branch but does include employees of the department of judicial administration."

Independent investigations are an option under code, but they are not required.

County agencies can conduct investigations internally through direct reporting or Ombuds referral. When staff report improper governmental action directly through their chain of command, agencies may choose to investigate even when they lack relevant expertise or sufficient capacity. Whistleblower code requires agencies to send their final investigation reports to the Ombuds (KCC 3.42.055.D), but the Ombuds has not received any of these agency-initiated reports in the last five years. In addition, allegations of fraud and improper acts that come in through supervisory, human resources, or loss reporting channels (where staff do not specify that they are whistleblower complaints) have no requirement to be investigated by or reported to independent agencies. As a result, King County lacks opportunities to centrally collect and analyze information related to fraud and improper acts (discussed more under Gap 6), and the Ombuds does not have sufficient information to oversee agency-initiated investigations and corrective actions. The second way agencies can conduct internal investigations is when people make complaints to the Ombuds. Because the Ombuds is under-resourced for its current workload, the Ombuds sometimes refers these cases back to the agencies for investigation. In these cases, agencies typically send final reports to the Ombuds for review, increasing transparency and oversight.

County has not adopted investigation standards

King County has not adopted uniform requirements to ensure the quality of investigations of fraud and improper acts, reducing consistency. Whistleblower and ethics code both outline investigation procedures for the Ombuds with more rigor than for executive agencies and the judicial branch. According to COSO, investigations should follow applicable professional standards to maintain objectivity. At the federal level, inspectors general follow two separate professional standards for investigations and audits, the *Quality Standards for Investigation* and *Government Auditing Standards*, respectively (exhibit E). At the local level, the Miami-Dade Office of Inspector General (Miami, FL) and the Austin City Auditor's Office (Austin, TX) also adhere to the *Quality Standards for Investigation* when conducting investigations. King County Code requires the County Auditor to follow *Government Auditing Standards* for audits but does not require any county agencies to follow professional standards for investigations. The Ombuds conducts investigations following guidance from the United States Ombudsman Association, which aligns closely with the *Quality Standards for Investigation*.

EXHIBIT E: Audits and investigations have different professional standards and characteristics.**AUDIT****PROFESSIONAL STANDARDS**

- Government Auditing Standards (GAGAS)

CHARACTERISTICS

- System- or agency-level review
- Sufficient and appropriate evidence for conclusions
- Often more time intensive

**INVESTIGATION****PROFESSIONAL STANDARDS**

- Quality Standards for Investigations

CHARACTERISTICS

- Case- or person-level review
- Evidence of civil, criminal, or administrative violations
- Fact finding and corrective action

Note: The US Government Accountability Office issues *Government Auditing Standards*, while the Council for Inspectors General on Integrity and Efficiency issue the *Quality Standards for Investigation*.

Source: Offices of King County Auditor and Ombuds analysis of City and County of San Francisco, Office of Controller, Proposition C: Inspector General, July 17, 2025, and *Quality Standards for Federal Offices of Inspector General*

County lacks fraud investigators

In King County, investigative staff are not dedicated to responding to fraud and improper acts. Investigative staff work in at least five groups and address fraud allegations by investigating, referring to another agency, or hiring an external contractor (exhibit F). Of these investigative functions, the Ombuds has the broadest investigative expertise and authority. Its scope in King County Code includes fraud and improper acts.¹¹ The Ombuds typically relies on contractors for more complex fraud investigations.

The Office of Risk Management Services (ORMS) investigates tort claims, where external parties believe King County is liable for damages. While these claims are typically related to bodily injury or property damage, some employment-related claims could involve allegations of fraud or improper acts among employees. ORMS said that it would refer these allegations to county agencies or the Ombuds for investigation. County human resources staff investigate employee misconduct but do

¹¹ KCC 2.52.090 lists the Ombuds investigative authorities. Fraud could be construed to be included under improper governmental action, ethics, or administrative acts depending on the amount of assets or transactions involved or whether the alleged respondent (person who may have committed the act) is an employee or third party.

not have clear, up-to-date guidelines for investigations, including those involving fraud and improper acts.^{12 13} In contrast, the Department of Human Resources (DHR) has a specific policy and three-person team dedicated to discrimination and harassment cases.¹⁴ Due to the number of discrimination cases involving the agency, Metro Transit also has a four-person Equal Employment Opportunity (EEO) workgroup conducting investigations.

Two other county entities have investigative staff dedicated to specific sectors. Public Health – Seattle & King County (Public Health) has investigators focused on healthcare compliance, and the Office of Law Enforcement Oversight (OLEO) has investigators focused on policing. Public Health said it would hire a contractor to conduct fraud investigations. OLEO said it would either conduct a fraud investigation internally or hire a contractor. OLEO has a five-person investigative team, which investigates and monitors investigations within the King County Sheriff’s Office (Sheriff’s Office).

¹² Human resources investigations are governed by Employment-related Workplace Investigations (2008-0004) policy, which lacks specificity on procedures.

¹³ Under Personnel System code (KCC 3.12), misconduct can include fraudulent timekeeping, theft, or ethics violations.

¹⁴ Discrimination policy refers to Nondiscrimination, Anti-Harassment & Inappropriate Conduct Policy & Reporting Procedures (2021-0012).

EXHIBIT F: King County investigative staff do not specialize in fraud.

AGENCY	SCOPE	INVESTIGATE FRAUD?
Department of Human Resources	Employee misconduct, including: <ul style="list-style-type: none"> • Harassment or discrimination • Inaccurate or fraudulent timekeeping • Theft of county property 	Yes, or may contract out
Office of Law Enforcement Oversight	Policies in King County Sheriff's Office, General Orders Manual	Yes, or may contract out
Office of Risk Management Services	Tort claims	No, refer to Ombuds or another County agency
Ombuds	<ul style="list-style-type: none"> • Ethics violations • Administrative acts • Lobbyist disclosure • Improper governmental action • Whistleblower retaliation 	Yes, or may contract out or refer to another County agency
Public Health – Seattle & King County	Healthcare compliance	No, contract out

Source: Offices of King County Auditor and Ombuds analysis

The Finance and Business Operations Division (FBOD) currently recommends that executive agencies hire external investigators for medium- or high-risk fraud investigations. FBOD developed a Fraud Response & Loss Reporting Manual in part because it sends loss reports to the Washington State Auditor's Office (SAO), per state law.¹⁵ For certain reported losses, such as those involving employee theft of funds, SAO routinely conducts preliminary assessments to determine if fraud investigations are necessary. SAO said that local governments may hire private contractors for fraud investigations but that it "[doesn't] often see many governments go this route." Instead, local governments typically opt to rely on internal staff or SAO, which has a fraud investigation function and is responsible for reviewing local

¹⁵ Per RCW 43.09.185, local governments shall immediately report known or suspected loss of public funds or assets or other illegal activity to SAO.

government fraud investigations. SAO can also help local governments by suggesting investigation procedures.

Between 2024 and 2025, King County staff reported 45 losses to SAO. Of these, SAO conducted preliminary assessments for 17 (38 percent) and determined fraud investigation was necessary for one. This does not mean that the County only conducted one fraud investigation during the period, however, since the County can conduct investigations even when SAO does not deem them necessary. It also does not mean that there were only 45 cases of potential fraud since the County does not have a designated and accessible reporting system (Gap 4). Because of the decentralized nature of fraud investigations across King County, it is difficult to provide a total annual cost of external fraud investigations. However, hourly rates for investigators can range from \$125 to \$800, with single engagements having costs as high as hundreds of thousands of dollars.

King County has a few fraud experts, but they are not consistently involved in decisions about how to respond to fraud and improper acts. The Auditor's Office has one Certified Fraud Examiner (CFE) on staff, who currently focuses on fraud risk and identification during the audit process in line with the current role of the office.¹⁶ The Sheriff's Office has at least one detective on staff who is a CFE. As a law enforcement agency, the Sheriff's Office investigates when it receives a report of a crime. The Criminal Division of the Prosecuting Attorney's Office has several CFEs.¹⁷ It decides whether to file charges after receiving evidence of a crime from law enforcement. In other words, these experts work outside the realm of administrative or civil investigations that are often necessary to substantiate allegations of fraud or improper acts.

County Auditor, Ombuds as inspectors general **The King County Council could improve the County's ability to investigate fraud and improper acts by using federal inspectors general as a benchmark for strong independent oversight.** Federal law empowers federal offices of inspector general to address fraud, waste, and abuse in several ways. King County does not have an office of the inspector general and carries out independent audit and

¹⁶ The Association of Certified Fraud Examiners (ACFE) is an international organization that issues the Certified Fraud Examiner (CFE) credential to people who demonstrate knowledge in financial transactions and fraud schemes, law, investigation, and fraud prevention and deterrence.

¹⁷ The Prosecuting Attorney's Office does not conduct criminal investigations. Among other things, the Prosecuting Attorney's fraud investigators assist law enforcement with forensic accounting before it is determined that a crime has been committed and, if criminal charges are filed, help explain financial evidence to the jury through documents and testimony.

investigative functions through the Auditor and Ombuds, respectively.¹⁸ Both the Auditor and the Ombuds share traits with federal inspectors general without having the same level of authority (see exhibit G). Below we discuss ways to enhance the investigative authorities of the Auditor and Ombuds. We discuss inspections and receipt of complaints (reporting systems or hotlines) in Gaps 3 and 4, respectively.

EXHIBIT G: King County Offices of the Auditor and Ombuds have some traits of federal inspectors general.

INSPECTOR GENERAL TRAITS	AUDITOR	OMBUDS
Organizationally independent	✓	✓
Complaint reporting system	✗	✓
Audit function	✓	✗
Investigation function	✗	✓
Inspection function*	✗	✗
Direct access to people, information	✓	✓
Subpoena power	With council motion	With written complaint
Administers oaths for testimony	✗	✓
Scope includes contractors	✓	Under ethics code

*Both the Offices of the Auditor and Ombuds can conduct inspections under general code authorities but neither has a designated inspection function.

Source: Offices of King County Auditor and Ombuds analysis of Council of Inspectors General on Integrity and Efficiency's Federal Office of Inspectors General Standards

Code could add independent investigative authority

If the County Council sought to enhance the authorities of the Auditor and Ombuds to that of an inspector general, Council could propose any or all of the following revisions to county code:

- include contractors explicitly in Ombuds' investigative scope
- grant Auditor fraud investigation authority

¹⁸ The Office of Law Enforcement Oversight also shares traits of federal inspectors general; however, its scope of work more narrowly applies to policing.

- remove limits to Auditor’s subpoena power
- grant Auditor authority to administer oaths
- align authorities of Auditor and Ombuds and define collaboration structures
- option to create new office of inspector general in, or outside of, the legislative branch.

Include contractors explicitly in Ombuds’ investigative scope. The Ombuds’ authority under the code of ethics extends to contractors. In contrast, its most general investigation authority over administrative acts (KCC 2.52) does not explicitly include the acts of county contractors and subcontractors. Granting clear authority to the Ombuds to investigate contractors would fill a gap, since SAO’s fraud investigations do not focus on local government contractors.¹⁹ This means there is no independent entity clearly responsible for this issue.

Grant Auditor fraud investigation authority. The Auditor was established to carry out activities that aid in oversight, promote due diligence, and serve the public interest (KCC 2.20.005). In addition, the Auditor’s access to information extends to contractors.²⁰ When “there is serious concern regarding fraud, abuse or illegality” (KCC 2.20.040.C), code grants the Auditor authority to audit but not to investigate. Granting the Auditor authority to investigate would fill a gap because SAO’s fraud investigations do not focus on local government contractors. COSO, which developed a widely accepted internal control framework, notes that investigations should be conducted by individuals with sufficient authority and independence. To achieve this, it recommends that responsibility to oversee an investigation be within an organizationally independent entity or with a person whose level of authority is at least one level higher than the subject(s) of an investigation. According to the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Investigations*, putting investigative functions “outside the staff or reporting line of the unit or employees under investigation” can help achieve maximum independence.

Remove limits to Auditor’s subpoena power. OLEO “may issue a subpoena to compel any person to appear, give sworn testimony or produce ... evidence” that is

¹⁹ SAO might include fraud and improper acts among local government contractors in accountability audits or federal single audits. However, the American Institute of Certified Public Accountants only requires SAO to report fraud that originates within the county, not with its contractors or grantees.

²⁰ The language in code is any entity that receives “funding from the county or performs work on behalf of or under the authority of the county.” (KCC 2.20.65.A)

reasonable and relevant to its inquiries (KCC 2.75.055.A).²¹ In contrast, the Ombuds can only issue a subpoena when it receives a written complaint,²² while the Auditor can only do so with approval by Council motion (KCC 2.20.65.D). The Ombuds' subpoena power is established and limited in charter in a way that is generally aligned with the purpose of the office. In contrast, the subpoena power of the Auditor is not addressed in charter. While this authority is rarely used, its existence motivates full participation by county agencies. If Council decides to grant the Auditor investigation authority, removing limits to the Auditor's subpoena power would be more important. In adding an inspector general position, the City and County of San Francisco (CA) expanded subpoena power to include not only employees but any entity seeking a thing of value from it, such as vendors and grantees.

Grant Auditor authority to administer oaths. Both the Ombuds and OLEO have the power to administer oaths. The Auditor does not. Administering oaths upholds the seriousness and accountability of statements made to independent agencies and contributes to integrity. If Council decides to grant the Auditor investigation authority, adding authority for the Auditor to administer oaths would be more important.

Align authorities of Auditor and Ombuds and define collaboration structures.

One effective approach to adding inspector general positions to the legislative branch would be to administratively align the Auditor and Ombuds to more effectively investigate fraud and improper acts. This could be accomplished with Council granting the Auditor and Ombuds similar powers and authorities, and the two offices aligning operating standards and procedures and formalizing collaboration across distinct bodies of work. For example, to avoid duplicating effort, the Auditor could investigate potential fraud, and the Ombuds could handle ethics complaints.

Option to create a new office of inspector general in, or outside of, the legislative branch. Council could create a new office of inspector general in one of three ways by: 1) combining the offices of the Auditor and the Ombuds, 2) creating a new legislative branch office in addition to the Auditor and Ombuds, or 3) creating a new office or position outside the legislative branch. All three

²¹ The executive branch has subpoena authority for administrative investigations of deaths involving law enforcement. Per Executive Order PHL-7-1-6-EO, Section 3.4.2, "For witnesses whose testimony is appropriate at the inquest hearing, the inquest administrator shall issue subpoenas to those witnesses to appear ... Any witness subpoena shall indicate the possible penalties for failure to appear. The subpoena shall further indicate that testimony given in an inquest hearing may be used in subsequent civil or criminal proceedings for any purpose."

²² Under KCC 2.52.090, the complaint must be "by a resident of the county," while under KCC 3.04.055.B, the complaint must be signed under penalty of perjury.

approaches would likely take longer to implement than increasing capacity in existing offices. Creating a new, separate office would increase complexity and could, at least initially, reduce the efficiency and effectiveness of oversight. If Council prefers not to expand capacity in existing offices, combining the offices of Auditor and Ombuds would be the most effective of the three options listed above for a new office of inspector general. This would retain existing expertise and operational processes and preserve robust independence. If Council ultimately desired, it could propose a charter amendment to consolidate or create a new function. Following a 10-year cycle, the next Charter Review Commission is slated for 2028. Charter amendments require approval by a vote of the people.

Code could increase consistency in investigations

To increase consistency and transparency in investigations, the King County Council could propose any or all of the following revisions to county code:

- require investigation work to adhere to professional standards
- strengthen independent agencies' role in investigations
- grant and clarify independent agencies' authority to investigate the administrative functions in the judicial branch.

Require investigation work to adhere to professional standards. COSO notes that investigations should be conducted according to approved and documented protocols by individuals with sufficient authority and independence. Investigative functions, regardless of where they are placed, can choose to adhere to professional standards without Council amending code. The value of revising code would be to increase accountability. For example, the ordinance requesting this study also amended code to direct DCHS to adhere to best practices in contract management (KCC 2.16.130).

Strengthen independent agencies' role in investigations. Code revisions could remove the fraud investigation authority of entities other than the Ombuds and Prosecuting Attorney. A similar code amendment happened in 2009, when Ordinance 16580 centralized the authority to investigate whistleblower retaliation within the Ombuds. The staff report accompanying the ordinance noted that this change "would likely increase the perceived credibility and independence" of investigations. Consolidation could occur at the same time as granting investigative authority to the Auditor to increase capacity. Consolidating authority could also help build collaborative consulting or case conferencing relationships with law enforcement and

the Prosecuting Attorney's Criminal Division to ensure consistent and appropriate responses to fraud and improper acts.

Grant and clarify independent agencies' authority to investigate the administrative functions in the judicial branch. The Department of Judicial Administration (DJA), also referred to as the Superior Court Clerk's Office, is an executive branch agency that oversees recordkeeping, including financial obligations, related to Superior Court cases. As an executive branch agency, DJA is subject to the Ombuds' and Auditor's oversight and has worked with both agencies as they conduct oversight work. In contrast, some administrative staff are hired directly by Superior Court and District Court to carry out administrative functions that are similar to those carried out by DJA staff. This work may include handling sensitive personal information, receiving payments, and other activities that create fraud risks, but are not clearly subject to independent investigation under the Employee Code of Ethics and Whistleblower Protection.

Estimated costs for adding investigation capacity

The King County Council could invest \$410,000 to \$1 million per year to add fraud investigation capacity. A breakdown of estimated costs is shown in exhibit H, including investigative and administrative staff, training, and contracting. We base our estimate on available 2026 cost data from the legislative branch. Our estimate assumes that an investigation function is implemented by an existing independent agency and does not include costs associated with other policy options discussed in this report. We include one to four investigative staff to ensure a qualified, independent investigation function. For comparison, to handle discrimination complaints, DHR has a three-person Workforce Equity team and Metro Transit has a four-person EEO workgroup. In 2024 and 2025, DHR received 126 and 145 discrimination complaints, respectively, investigating about 40 cases per year.²³ Metro's EEO team said it received 119 and 142 inquiries and conducted 57 and 70 investigations in 2024 and 2025, respectively.

Our estimate includes administrative staff due to expected increases in public records requests, publications, and other activities that would be important to the success of the new program and meeting public requirements for transparency.²⁴ We

²³ DHR's Workforce Equity Team also provides department-level human resources staff with advice on handling complaints and help hiring external investigators.

²⁴ Currently, the County Ombuds and County Council each have one full-time equivalent (FTE) employee managing public records requests. According to ORMS' annual report, in 2024, the executive branch received 4,600 public records requests, up 42 percent from 2023 and nearly double that of 2016.

also budget for contracting if specialized expertise is necessary for specific investigations. Perhaps because of the fast pace of change in fraud schemes, the International Public Sector Fraud Forum recommends that organizations have access to a range of skilled people from diverse disciplines. Our cost estimate does not account for any time existing staff spend on implementation, such as planning, hiring, and supporting proposed code changes. These efforts could require significant time. For a feasibility summary including estimated timelines, see appendix 2, exhibit 2.4.

EXHIBIT H: Estimated annual and one-time costs for a new fraud investigation function.

	COST RANGE	NOTES
Annual costs		
Investigative staff	\$204,000 – \$780,000	For 1 to 4 FTE
Administrative staff	\$0 – \$120,000	For 0 to 1 FTE
Training	\$6,000 - \$24,000	Continuing professional education for Certified Fraud Examiners, \$6,000 per investigative staff
Contracting	\$100,000 - \$200,000	For specialized expertise as needed, no guaranteed spend
Total annual range	\$410,000 - \$1,024,000	Low-end: 1 investigative FTE, training, and high-end of contracting range High-end: 4 investigative FTE, 1 administrative FTE, training, and low-end of contracting range
One-time costs		
Staff equipment	\$4,000 - \$20,000	For 1 to 5 FTE, \$4,000 per FTE
Total one-time range	\$4,000 - \$20,000	

Note: All FTE include salary and benefits.

Source: Offices of King County Auditor and Ombuds analysis

Gap 2: Simplified Policy Environment

SECTION SUMMARY

King County Council could propose code revisions that would simplify the policy environment related to fraud and improper acts by establishing guiding principles and clarifying roles and responsibilities. To address current complexities and gaps in code, we present options for creating new legislation on fraud and improper acts, and locally funded grants, as well as simplifying and reorganizing the Employee Code of Ethics and adding language about “contractors” and “fraud” to Whistleblower Protection. The County does not yet have a clear definition of fraud, and its code of ethics lacks clarity on appropriate conduct. Aspects of county code and policy address facets of fraud and improper acts but lack overarching principles, clear inter-relationships, and plain language that foster a culture of integrity. The International Public Sector Fraud Forum recommends that organizations have a clear, understood code of conduct to prevent fraud and improper acts.²⁵ According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), legislation is an important way to bring high-level attention to fraud risk management in government organizations. At the federal, state, and local level, governments have enacted false claims laws and ordinances to address improper payments with and without qui tam provisions.

Plain language increases awareness

King County has opportunities to strengthen transparency and effectiveness by clarifying and harmonizing code and policy related to fraud and improper acts.

In the introduction, we explain that for the purposes of this report, “fraud and improper acts” include fraud, waste, abuse, ethics violations, improper governmental action, and improper payment. While presenting risks to the County’s finances and reputation, these are distinct concepts that quickly become overwhelming. Another complex topic — discrimination, harassment, and inappropriate conduct — can provide a model for how to strengthen existing code and policy. In 2018, County Council added a new chapter to Personnel code (KCC 3.12D) that calls for:

- “clear and easy-to-understand” policy

²⁵ *A Guide to Management Fraud for Public Bodies*, February 2019

- reporting system for “a prompt, thorough, and impartial investigation” (see Gap 4)
- confidentiality and anti-retaliation protections for people who report or witness inappropriate conduct
- training and regular communication to all employees through resources that are easy to locate online (see Gap 5).

Demonstrating the value of clear and easy-to-understand policy, the Government Finance Officers Association (GFOA) has policy templates related to fraud and improper acts. On its template for proper timekeeping, the GFOA’s policy statement is as follows:

“Staff must make their best effort to record their work time accurately. Recording time in a way that makes it appear you are working when you are not is considered theft.”

Each GFOA template also includes a set of questions to help employees think through situations that may be too specific for a short policy document (see exhibit I).

EXHIBIT I: Plain language principles can add clarity to gray areas.

Ask yourself these questions when dealing with situations policy does not cover.



Source: Adapted from Government Finance Officers Association, Ethics Supporting Resource: Policy Template by the Offices of King County Auditor and Ombuds

County has complex policy environment

The word “fraud” is missing from several relevant provisions of code, adding confusion and uncertainty (see exhibit J). For example, it does not appear in Whistleblower Protection (KCC 3.42) but can be included as improper governmental action under the phrase “violation of law.” It does not appear in code for the Ombuds Office (KCC 2.52) but falls under its investigative authority over “administrative acts.” The Employee Code of Ethics focuses on conflicts of interest without mentioning “fraud,” even though the Association of Certified Fraud Examiners includes conflicts of interest in its fraud classification system. Finally, specific types of fraud and improper acts, namely collusion and fraudulent timekeeping, are listed in Procurement (KCC 2.93) and Personnel (KCC 3.12) code, respectively.

EXHIBIT J: Policies address fraud and improper acts in different ways, adding complexity.

POLICY	SCOPE	CONTRACTORS?
Employee Code of Ethics (KCC 3.04)	<ul style="list-style-type: none"> • Just and equitable treatment • Conflicts of interest • Financial disclosure 	✓
Ombuds Office (KCC 2.52)	Administrative acts of administrative agencies	✗
Procurement (KCC 2.93)	Collusion	✓*
Reporting and Investigating Fraud, Losses, or Other Illegal Acts (FIN-15-6-EP)	Fraud, including known or suspected losses of public resources or other illegal activity	✓
Whistleblower Protection (KCC 3.42)	Improper governmental action (IGA): <ul style="list-style-type: none"> • Violation of law, ordinance, rule • Abuse of authority • Gross mismanagement • Actions that create a substantial, specific danger to public health or safety • Gross waste of public funds • Preventing dissemination of scientific opinion or technical findings 	✗

*Procurement code does not specify whether this includes locally funded grants.

Source: Offices of King County Auditor and Ombuds analysis

County lacks clear fraud definition

King County does not yet have a clear and consistent definition of fraud. Fraud is not defined in Administration code (Title 2) or Personnel code (Title 3). It is defined in executive policy, but without using plain language.²⁶ In contrast, the Washington Department of Revenue (DOR) has a straight-forward definition of fraud based on the presence of three elements: 1) willful misrepresentation²⁷ of a 2) material fact resulting in 3) potentially obtaining something of value. DOR staff giving a presentation on the topic noted the importance of a clear definition in building shared understanding among staff. DOR's definition also differentiates fraud from errors and illegal acts. While "Fraud" is the name of a chapter in Washington Criminal Code (RCW 9A.60), there is no crime of "fraud" in Washington state. RCW 9A.60 includes the crimes of forgery and criminal impersonation. Other relevant crimes may include theft.

Code of Ethics is overly complex

The Employee Code of Ethics lacks clear and sufficient guidance on appropriate conduct, reducing accountability. It gives many examples of conflicts of interest but does not clarify that the list is not exhaustive, creating loopholes for misuse. In addition, some rules may be overly specific about which relationships — "immediate family" versus "close relatives," for example — can result in conflicts of interest.²⁸ Following the County Auditor's recent audit, DCHS said it was revising its departmental ethics policy significantly to expand the set of relationships that could be reasonably perceived as influencing judgment and expand the scope to include contracts and subcontracts.²⁹ DCHS leadership said it would be ideal to make these changes applicable more broadly through countywide policy. There are also opportunities to strengthen and clarify King County's financial disclosure form with updates to the Employee Code of Ethics. The Department of Executive Services (DES) noted the need to document standard work for the Ethics Program, which manages

²⁶ Compare *Government Auditing Standards* definition, "an act involving obtaining something of value through willful misrepresentation," to the definition in county policy FIN-15-6-EP, "the event of a known, attempted, or suspected loss of public resources (including loss of public funds) by deceit, wanton disregard, or illegal activity."

²⁷ According to the *Federal Internal Control Standards*, "misrepresentation includes material false statements of fact, as well as the omission or concealment of material fact. Willful misrepresentation may involve actual knowledge, deliberate ignorance (being aware of a substantial risk of misrepresentation but intentionally avoiding steps to confirm truth or falsity), or reckless disregard (to be conscious of a substantial and unjustifiable risk of falsity but make the representations anyway)."

²⁸ See, for example, Board of Ethics Advisory Opinion 95-11-1133 on Nepotism.

²⁹ DCHS plans to define "relative" to include spouse/domestic partner, parents, children, siblings, grandparents, grandchildren, in-laws, aunts/uncles, nieces/nephews, cousins, and any person related by blood, marriage, or adoption. It will also add policy language that a "close personal relationship," including romantic, intimate, or significant friendships, could reasonably be perceived as influencing judgment.

financial disclosures for the County, to ensure appropriate communication about potential conflicts.

Policies lack consistent approach

King County does not outline consistent roles and responsibilities across code and policy. Even though both executive policy and county code deal with reporting and investigating fraud and improper acts, they set out different procedures. Executive fraud policy (FIN-15-6-EP) gives employees a “duty” to report suspected fraud to managers or FBOD but does not clarify how reports should be made.³⁰ Similarly, procurement code requires the manager of FBOD to report any suspected collusion to the County Executive without noting how it should be reported (KCC 2.93.130). In contrast, the whistleblower code encourages, but does not require, reporting and clarifies that reports should be made to senior management in writing. Whistleblower code also requires agencies to send final investigation reports to the Ombuds (KCC 3.42.055.D), while executive policy routes them to FBOD and the Executive Audit Committee, which does not include the Ombuds. Executive fraud policy does not clarify who is responsible for investigating fraud or improper acts but states that the County will investigate by a “suitably qualified individual independent of the area.” In employment-related complaints, human resources (HR) policy directs HR managers to assign investigators.³¹ However, King County has not documented clear guidelines for how to conduct employment-related investigations. To ensure fiscal accountability, the SAO directs governments to have effective policies and procedures to prevent, detect, and respond to fraud, loss and other illegal activity.³²

Referrals to law enforcement may be overlooked

Administrative consequences are written into code, while other responses to fraud and improper acts are not. Code states, in some instances, what types of activities may result in discipline for employees (KCC 3.12.270.A) or cancellation and suspension for contractors (KCC 3.04.060.D). Under ethics code it also directs the Ombuds to “investigate and report apparent criminal violations ... to the appropriate law enforcement.” However, neither county code nor executive policy clarify when agencies investigating under a different authority than the code of ethics should report fraud and improper acts to law enforcement for criminal investigation or to the

³⁰ Executive fraud policy notes in section B.5 that employees also have the discretion to report any fraud to the Ombuds.

³¹ Employment-Related Workplace Investigations Policy (2008-0004)

³² Office of the Washington State Auditor, *General Loss Reporting Policy Manual*

Prosecuting Attorney's Criminal Division for review.³³ For example, Procurement code notes that the County Executive "may" order suspected collusion to be reported to the appropriate authorities (KCC 2.93.130). This may create the perception that fraud and improper acts do not carry criminal consequences, limiting deterrence. Without clear policy direction on when and how to engage these entities, inconsistent treatment of similar cases is more likely and could negatively affect financial accountability and procedural fairness.

Contracts, grants lack oversight

Contractors and grantees are not included clearly and consistently in relevant code and policy. Procurement code (KCC 2.93) does not explicitly apply to locally funded grants, creating gaps in oversight. One bad effect of this is the Auditor's finding that DCHS lacked written policies and procedures for locally funded grants, limiting fiscal stewardship. Executive fraud policy states explicitly that it applies to contractors while ethics and whistleblower codes are less clear. Whistleblower Protection (KCC 3.42) implicitly excludes contractors since it relates to "improper governmental action." The Employee Code of Ethics emphasizes employees in its title but includes penalties for contractors. Meanwhile, the Ombuds' most general investigation authority over administrative acts (KCC 2.52) does not explicitly include the acts of county contractors and subcontractors. These differences matter in part because employees may not know where to go with concerns, and the entry point they choose can change how their concerns are addressed.

Contracts not required to have ethics clauses

Contracts and grants are not consistently required to include ethics clauses. Contract language for locally funded grants varies by agency, since FBOD's Procurement & Payables section does not manage boilerplates for grants.³⁴ FBOD is responsible for developing and revising King County's general contract terms (KCC 2.16.035.C.18), but neither this provision nor Procurement code (KCC 2.93) explicitly includes locally funded grants. As a result, agencies that issue grants may not include ethics clauses in relevant contracts. Ethics clauses facilitate the authority of the Ombuds to conduct ethics investigations among contractors and help increase contractor awareness of county standards of conduct (see Gap 5). Public Health includes standard language in its grant agreements that includes consequences such

³³ King County's separately elected Prosecuting Attorney decides when to prosecute cases.

³⁴ FBOD's Procurement & Payables section said it expects agencies to write their own boilerplates in collaboration with the Prosecuting Attorney's Civil Division to ensure that they comply with the law.

as contract termination and debarment for ethics violations, including attempting to secure preferential treatment.³⁵ Procurement code directs the County Executive to suspend or debar contractors for “violation of ethical standards set forth in contracts with the county.”³⁶

To put it in plain language, contracts could state that all contractors and subcontractors must adhere to ethics code, are subject to ethics investigations conducted by the Ombuds, and are subject to consequences, up to and including termination and debarment, for unethical conduct.

False claims not addressed in code

King County does not have a false claims ordinance or qui tam provisions.³⁷ The purpose of the false claims ordinance in Miami-Dade County (FL), is to deter people from “knowingly” causing the county “to pay claims that are false, fraudulent, or inflated, and to provide remedies,” such as damages and civil penalties, when the county makes payments based on these claims. Unlike fraud, false claims are easier to prove since they only require the actor to “know” what they did, as opposed to having an intent to defraud. In interviews with Miami-Dade County’s Office of the Inspector General and the Allegheny County Controller’s Office (PA), we heard that despite local false claims ordinances, qui tam cases were rare and did not increase reporting of improper payments. These statements suggest that qui tam provisions may not be an effective detection activity at the local level.

The Prosecuting Attorney does not recommend qui tam provisions due to the risks of increased liability and cost. Often mirroring federal law, local qui tam provisions require attorneys to review civil actions in a timely manner (e.g., 60 days) to determine whether the allegations are based on original sources and whether the local government will intervene. King County could face liability if it had qui tam

³⁵ The boilerplate states: “Failure to comply with [KCC 3.04] shall be a material breach of this Agreement, and may result in termination of this Agreement ... The Recipient agrees, pursuant to KCC 3.04.060, that it will not willfully attempt to secure preferential treatment in its dealings with the County ... acknowledges that if it is found to have violated the prohibition ... its current Agreements with the County will be cancelled and it shall not be able to bid on any County Agreement for a period of two years. ... acknowledges that for one year after leaving County employment, a former County employee may not have a financial or beneficial interest in an agreement or grant that was planned, authorized, or funded by a County action in which the former County employee participated during County employment. Recipient shall identify ... current or former County employees involved in the preparation of proposals or the anticipated performance of work ... Failure ... may result in the County’s denying or terminating this Agreement.”

³⁶ Per King County procurement policy CON 7-20 (PR), debarment means disqualifying an entity from entering a contract or acting as a subcontractor on a contract with the County, Procurement code also directs the Executive to suspend or debar contractors for contract violations “so serious and compelling as to affect responsibility as a contractor to the County.”

³⁷ Qui tam provisions allow people to bring civil action on behalf of the government for improper payments, known as false claims, and receive a percentage of funds recovered.

provisions and did not respond timely to, or assess appropriately, the source of information. Qui tam provisions could also lead to increased costs associated with handling additional frivolous claims and public records requests.

False claims laws sometimes, but do not always, include qui tam provisions. Of the 43 states with false claims laws, 29 have qui tam provisions, according to a November 2022 report by the Washington Joint Legislative Audit and Review Committee.³⁸ The federal government promotes the use of qui tam for Medicaid enforcement, which can cross state lines.³⁹ Accordingly, Washington state has qui tam provisions that are specific to Medicaid (RCW 74.66). The expectation of a smaller financial incentive for local qui tam actions as compared with national, multi-state actions may lead to fewer local cases. Generally, as compared with other financial controls, rewards for whistleblowers, which are akin to the financial incentives associated with qui tam provisions, are less common in the United States and Canada.⁴⁰

Amending
code could
add clarity

To simplify the policy environment, the King County Council could propose any or all of the following revisions to county code:

- add new legislation on fraud and improper acts
- add language on locally funded grants
- shorten, reorganize, and clarify the Employee Code of Ethics
- require ethics clauses in all contracts, including grants
- explicitly include “contractors” and “fraud” in Whistleblower Protection.

Add new legislation on fraud and improper acts. This legislation could:

- a) use plain language principles
- b) define fraud
- c) clarify its scope (e.g., include contractors, subcontractors, and other third parties)
- d) assign responsibilities for prevention, detection, and response

³⁸ 22-04 FINAL REPORT: Sunset Review of Medicaid Fraud Qui Tam Provisions, November 2022.

³⁹ It grants states an added 10 percent share of funds recovered in successful civil actions and access to multistate cases if state laws include qui tam provisions.

⁴⁰ They were involved in just 11 percent of occupational fraud cases reviewed for the Association of Certified Fraud Examiners’ *Occupational Fraud 2024: A Report to the Nations*. This was the least common of 18 controls on the list with the next most common (mandatory vacation or job rotation) control occurring in 19 percent of cases, and the most common control (code of conduct) in 81 percent of cases.

- e) clarify when to refer cases to law enforcement and the Prosecuting Attorney's Criminal Division
- f) clarify its interrelationship with other laws and policies.

According to COSO, legislation is an important way to bring high-level attention to fraud risk management. Codifying King County's approach to fraud risk management can lay the foundation for other functions such as investigation (Gap 1), inspection (Gap 3), a designated reporting system or hotline (Gap 4), training and awareness (Gap 5), and data collection and analysis (Gap 6). Council could also consider creating a false claims ordinance without *qui tam* provisions to address improper payments.

Add language on locally funded grants. Council could consider adding language to Procurement code (KCC 2.93), creating a new chapter in code, or adding provisions to code governing county agencies that manage locally funded grants. For example, in Ordinance 19978, King County Council directed DCHS to document and adhere to best practices regarding contract management. Policymakers will likely want to consider the extent to which locally funded grants should be treated differently than state or federal grants, for which mismanagement can have penalties such as requirements to return grant funds.

Shorten, reorganize, and clarify the Employee Code of Ethics. Changes can be made with general principles and plain language in mind. Revisions could include focusing on the general principles, limiting examples, and/or clarifying that any list of examples is not exhaustive. In addition, revisions could consider redefining relevant relationships, as DCHS is doing, and clarify that the duty to notify supervisors of potential conflicts of interest is distinct from requirements to submit an annual financial disclosure form. Finally, revisions could better communicate that contractors are subject to the rules, perhaps by striking the word "employee" from the title.

Require ethics clauses in all contracts, including grants. Contracts for county vendors and grantees may not include ethics clauses due to a lack of central requirements or guidance. Council could consider amending procurement laws (e.g., KCC 2.16.035.C.18 or KCC 2.93) to require these clauses in locally funded grant agreements and other contracts to increase awareness and legitimacy of independent oversight. Without code changes, other remedies such as rules put forth by FBOD or the County Executive could establish these requirements.

Explicitly include "contractors" and "fraud" in Whistleblower Protection. People who read whistleblower code may not understand the extent to which "improper governmental action" includes potential fraud or the actions of governmental

contractors. Council could revise code to include these plain language concepts to ensure consistent interpretation.

No recurring costs expected for greater clarity

Simplifying the policy environment will temporarily require time, effort, and collaboration with existing staff but should not have ongoing costs. Existing county staff can propose revisions to code and policy and do so as part of their existing bodies of work. That said, there will be tradeoffs, as time spent on these revisions will mean time not spent on other work.

Gap 3: Independent Contract Inspection Authority

SECTION SUMMARY

The King County Council could formalize an independent contract inspection program that follows professional standards and is reinforced by contract language. According to the Council of the Inspectors General on Integrity and Efficiency (CIGIE), oversight organizations have long used inspections and evaluations as “flexible and effective mechanisms to fulfill their mission.” As with investigations, federal standards for inspection require inspectors and inspection organizations to be independent in fact and appearance. Inspectors general conduct inspections, investigations (Gap 1), and audits, but each body of work is distinct. For example, an inspection could involve reviewing contract documents for compliance with county code and policy and reporting the results at the contract level. In contrast, an audit could conduct a similar review while reporting the results in aggregate at the department level. As a result of their broader context, audits can take much longer to conduct than inspections. Both the County Auditor and County Ombuds have implicit authority to conduct inspections, but this authority could be more clearly stated in code. In addition, while some county contracts include standard terms that require inspections, this language is not consistently required.

Inspections are flexible oversight tools

King County Code could explicitly grant inspection authority to enhance oversight of contracts and other bodies of work. Inspections are a flexible and effective tool for oversight. According to CIGIE, inspections and evaluations (these two terms are interchangeable) are systematic and independent assessments that can be used to assess allegations of fraud and improper acts, share best practices, identify savings and questioned costs, determine compliance, and assess internal controls.

Audits, investigations, and inspections are different bodies of work. Some of the key differences between these three types of review are their professional standards, unit of analysis, and how the results are used (see exhibit K). Federal offices of inspector general use separate professional standards for investigations and inspections. The *Quality Standards for Inspections and Evaluations* require inspectors to promptly present information about suspected fraud or illegal acts to supervisors for possible referral to investigative authorities, demonstrating the interrelated yet distinct nature of inspection and investigation work. Inspections generally have a

narrower unit of analysis than audits but a broader one than investigations. In addition, investigations are more likely to gather evidence to support discipline or civil or criminal cases. The timing of review can also be a distinguishing factor. Inspections may occur while relevant activities are ongoing, while audits or investigations are more likely to happen after a specific event or point in time. In addition, because of their focus on systems and specific quality assurance processes, audits can take more than a year to complete. In contrast, investigations or inspections can typically be completed in much less time, e.g., weeks or months, depending on their scope and complexity.

EXHIBIT K: Audits, investigations, and inspections have different standards and traits.

		
AUDIT	INVESTIGATION	INSPECTION
<p>PROFESSIONAL STANDARDS</p> <ul style="list-style-type: none"> • Government Auditing Standards (GAGAS) 	<p>PROFESSIONAL STANDARDS</p> <ul style="list-style-type: none"> • Quality Standards for Investigations 	<p>PROFESSIONAL STANDARDS</p> <ul style="list-style-type: none"> • Quality Standards for Inspections and Evaluations, or • GAGAS
<p>CHARACTERISTICS</p> <ul style="list-style-type: none"> • System- or agency-level review • Sufficient and appropriate evidence for conclusions • Often more time intensive 	<p>CHARACTERISTICS</p> <ul style="list-style-type: none"> • Case- or person-level review • Evidence of civil, criminal, or administrative violations • Fact finding and corrective action 	<p>CHARACTERISTICS</p> <ul style="list-style-type: none"> • Contract-, program-, operation-level review • Recommendations and findings may or may not be issued publicly

Source: Offices of King County Auditor and Ombuds analysis of City and County of San Francisco, Office of Controller, Proposition C: Inspector General, July 17, 2025, and *Quality Standards for Federal Offices of Inspector General*

Independent agencies lack inspection program

Neither the Auditor nor Ombuds have a defined program or capacity to conduct regular inspections. Both the Auditor and Ombuds have implicit authority to conduct inspections. The authority of the Auditor (KCC 2.20.040) includes oversight and studies, while the Ombuds has the power to investigate administrative acts, including to inspect premises and conduct studies or inquiries (KCC 2.52.090.A.2 and A.5). The lack of an explicit inspection program or power in the Auditor and Ombuds reduces the flexibility and capacity of independent offices to provide timely and credible

information related to fraud and improper acts. The Auditor has reviewed contracts in its audit work and capital projects oversight program but has not typically done stand-alone contract inspections to test internal controls or detect improper payments. The Auditor's work program included contract inspections (referred to as "grant/contract testing") for the first time in the 2026-27 biennium. Without a visible independent inspection function, King County has not yet designated any professional standards for inspections.

Contracts not required to have inspection clauses

Contracts and grants are not consistently required to include inspection clauses.

Contract language for locally funded grants varies by agency, since FBOD's Procurement & Payables section does not manage boilerplates for grants. FBOD is responsible for developing and revising King County's general contract terms (KCC 2.16.035.C.18), but neither this provision nor Procurement code (KCC 2.93) explicitly includes locally funded grants. As a result, agencies that manage grants may not include inspection clauses in these contracts. Inspection clauses help increase awareness and legitimacy of the oversight authority of the Auditor and Ombuds in documents that govern relationships with the County. Some contracts and grants already include these clauses. For example, DCHS's 2025 contract boilerplate language for inspections and evaluations is as follows:

"The records and documents with respect to all matters covered by this Contract shall be subject at all times to inspection, review, or audit by the County and/or federal/state officials authorized by law during the performance of this Contract and for six years after termination hereof, unless a longer retention period is required by law."

To put it in plain language, contracts could state that all contractors and subcontractors are subject to audits and inspections conducted by the Auditor and/or the Ombuds. In addition to requiring inspection clauses, the County could consider adding consequences for contractors who do not participate in oversight. In New York City, where the Department of Investigation operates as office of inspector general, contract clauses also include contract termination as a consequence for contractors who refuse to answer questions of auditors, investigators, and inspectors.

Code can
bolster
inspection
authority

To increase oversight through inspections, the King County Council could propose any or all of the following revisions to county code:

- grant explicit authority in code to conduct inspections
- require inspection work to adhere to professional standards
- require inspection and evaluation clauses in all contracts, including grants.

Grant explicit authority in code to conduct inspections. For the Auditor, a revision could add inspection or contract inspection to its set of programs. For the Ombuds, a revision would need to expand its scope to contractors (see Gap 1) and specifically authorize the office to do inspections could be carried out by the Auditor or Ombuds within existing authorities granted by code if Council decides not to amend code or before code updates are implemented. The benefit of adding inspections to code is to demonstrate Council intent, clarify legal authority, and support appropriate resource allocation. Council could also choose to assign contract inspection responsibility to a different county entity. Some county agencies have internal functions that do work like inspections to test existing internal controls. One of the main differences in adding capacity for this work to the legislative branch is increased independence and transparency. Federal inspection standards require coordination and encourage inspection organizations to “strive to conduct inspections with as minimal disruption” to operations as possible.

Require inspection work to adhere to professional standards. Inspections should follow professional standards to ensure quality, maintain public trust, and ensure alignment with leading practice. Among federal offices of inspector general, inspections follow one of two sets of professional standards: *Government Auditing Standards* or *Quality Standards for Inspection and Evaluation*.⁴¹ King County Code already requires the Auditor to follow the former for audit work (KCC 2.20.075.A). As a result, if King County designated these standards for inspections, the Auditor would likely be able to adapt them to inspection work more quickly than the Ombuds. Neither office currently uses the *Quality Standards for Inspection and Evaluation*.

Require inspection and evaluation clauses in all contracts, including grants.

Locally funded grant agreements may not include inspection clauses due to a lack of central requirements or guidance. Council could consider amending procurement laws (e.g., KCC 2.16.035.C.18 or KCC 2.93) to require these clauses to increase awareness and legitimacy of independent oversight. Guidance by the Prosecuting Attorney’s Civil

⁴¹ The Council for Inspectors General on Integrity and Efficiency issues the *Quality Standards for Inspection and Evaluation*.

Division, FBOD, or policies or rules by the County Executive could also create this requirement.

Estimated costs for adding inspection capacity

The King County Council could invest \$190,000 to \$560,000 per year to add contract inspection capacity. A breakdown of estimated costs is shown in exhibit L, including inspection staff and training. We base our estimate on available cost data from the legislative branch. Our estimate assumes that an inspection function is implemented by an existing independent agency and does not include costs associated with other policy options discussed in this report. We include one to three inspection staff to ensure dedicated coverage of contracts, including locally funded grants. For comparison, ORMS has four full-time equivalent (FTE) employees on its Insurance & Contracts team, which is responsible for procuring insurance on behalf of King County, checking insurance requirements for contracts that go through FBOD’s Procurement & Payables section, and coordinating frequent inspections of county facilities by the County’s property insurer. These cost estimates do not account for any time existing staff spend on implementation, such as planning, hiring, and supporting proposed code changes. These efforts could require significant time. For a feasibility summary including estimated timelines, see appendix 2, exhibit 2.2.

EXHIBIT L: Estimated annual and one-time costs for a new inspection function.

	COST RANGE	NOTES
Annual costs		
Inspection staff	\$181,000–\$543,000	For 1 to 3 FTE
Training	\$6,000–\$18,000	Continuing professional education for Certified Fraud Examiners, \$6,000 per FTE
Total annual cost range	\$187,000–\$561,000	
One-time costs		
Staff equipment	\$4,000–\$12,000	For 1 to 3 FTE, \$4,000 per FTE
Total one-time cost range	\$4,000–\$12,000	

Note: All full-time equivalents (FTE) include salary and benefits.

Source: Offices of King County Auditor and Ombuds analysis

Gap 4: Clear Path to Report Fraud and Improper Acts

SECTION SUMMARY

The King County Council could create a central reporting system, e.g., a hotline, to more effectively prevent and detect fraud and improper acts. Organizations with dedicated reporting systems are nearly twice as likely to detect fraud through tips as organizations without them. The Association of Certified Fraud Examiners (ACFE), Government Finance Officers Association (GFOA), and others recommend reporting systems that are centralized, accessible, and anonymous. Because King County's approach to reporting is currently decentralized, employees, contractors, and the public may not know how to report issues that could help the County identify gaps in financial accountability. A dedicated reporting system would likely increase reporting and require collaboration across county agencies to ensure allegations are addressed appropriately.

Successful reporting systems are central and accessible

King County could publicize a designated reporting system for fraud and improper acts to increase effectiveness. Successful reporting systems are centralized and accessible. This involves having fewer entry points that are easier to find. Having too many entry points can confuse potential reporters.⁴² ACFE research suggests that organizations with dedicated reporting systems are nearly twice as likely to detect fraud via tip as organizations without them.⁴³ Accessibility also involves ensuring that people external to the agency — such as contractors, grantees, program beneficiaries, and the public — can submit reports easily.⁴⁴ Customers (21 percent) and vendors (11 percent) combined account for about one-third of fraud allegations, compared with 52 percent from employees, according to the ACFE research report. Providing multiple reporting formats also helps with accessibility. Formats include online form, email, phone, walk-in, fax, and postal mail. Trends reported by the ACFE and peer agencies we interviewed show that online forms are now more popular than

⁴² Hubbs, Ryan, "Top 10 factors leading to hotline distrust." *Fraud Magazine*. July 1, 2016.

⁴³ More than 40 percent of occupational fraud cases are discovered through tips, according to the ACFE's *Occupational Fraud 2024: A Report to the Nations*. The report found that the next most common way organizations detected fraud was by internal audit (14 percent).

⁴⁴ The SAO has separate, designated reporting systems for employees and the public, all available on its website.

reporting by phone.⁴⁵ To further promote accessibility, the GFOA recommends that organizations publicize reporting systems on a regular basis both internally and externally.

Successful reporting systems allow for anonymous reporting.⁴⁶ Anonymity can reduce the fear of retaliation for reporting in good faith. The ACFE says that anonymity greatly increases the likelihood that employees — who are the most common source of fraud allegations — report wrongdoing.⁴⁷ The GFOA also recommends confidential reporting. In its 2024 annual report, the King County Ombuds reported that people submitting whistleblower complaints often express concerns that their identity will be revealed through public records requests, resulting in some anonymous complaints. Some worry that anonymous reporting will increase frivolous complaints, but practitioners we interviewed emphasized targeting the number of reports over their perceived quality. This is because, at a minimum, a visible reporting system can prevent fraud and improper acts by making the likelihood of getting caught appear greater to potential bad actors. A 2020 report by the International Public Sector Fraud Forum states that prevention is the most effective way to address fraud as it reduces loss and reputational damage and requires fewer resources than detection and recovery.

⁴⁵ The ACFE's *Occupational Fraud 2024: A Report to the Nations* found that online forms accounted for 40 percent of tips coming in through formal reporting systems, up from 23 percent in 2018. Email reporting has experienced similar growth to online forms. In contrast, telephone reporting dropped to 30 percent in 2024, from 42 percent in 2018.

⁴⁶ Anonymous reporting is not without its challenges. For example, people who do not state their name may still be identifiable by the information they provide or their contact information. Government agencies may be required to release this information in the event of a public records request. In addition, people may only be able to assert whistleblower protections, such as anti-retaliation provisions, if their identity is known.

⁴⁷ ACFE, *Fighting Fraud in the Government*, 2020.

EXHIBIT M: Successful reporting systems are centralized, accessible, and anonymous.

Source: Offices of King County Auditor and Ombuds analysis

Multiple paths to reporting add confusion

King County’s current approach to reporting is decentralized, reducing effectiveness, anonymity, and awareness.

The County has not designated a single reporting system for fraud and improper acts. All the entities authorized to investigate improper governmental action under whistleblower code (see Gap 1) also have the authority to receive reports. Executive fraud and HR policies essentially expand this list by setting their own reporting requirements. FBOD and HR managers rely on regular communication channels, such as employee email addresses and phone numbers, to receive allegations of misconduct that may include fraud and improper acts. The intent of a central reporting function is not to limit reporting, but to ensure reporting is accessible, including to those who are not employees or who would prefer to report anonymously. During the contract management audit, the Auditor found indications of potential fraud but, without investigative authority or a designated reporting system for legislative branch staff, had no clear path to ensure timely resolution.

An online search for a “King County fraud hotline” can lead people to many places, suggesting that the status quo is not accessible to the public. Among the organizations appearing in the first page of search results were the King County Housing Authority, Ombuds, Prosecuting Attorney, Public Health, Sheriff’s Office, and SAO. Many integrity concerns come to the Ombuds, as discussed below. In line with leading practice, Public Health created a designated phone and email address to allow

anonymous reporting of healthcare noncompliance in 2003.⁴⁸ Public Health staff noted that 95 percent of reports made to the system are outside its jurisdiction, and the team does its best to refer people to appropriate resources. Metro Transit also has an accessible central reporting system for customer complaints, reports, and questions that could be a model for reporting fraud and improper acts.⁴⁹ Metro Transit said it is working to add functionality to provide greater capacity to respond to customer reports. Following the contract management audit of DCHS, the Auditor and Ombuds received many reports of potential contractor misuse through its office phone and email, which may indicate demand for an independent, public reporting system.

Independent reporting can increase effectiveness

Auditors' offices often contain fraud reporting functions. This may be because reporting systems operated by managers or HR professionals can be ineffective when staff are not trained to determine if fraud allegations have merit, according to the article in *Fraud Magazine* referenced above. Involvement by management and HR can also increase perceptions of bias among potential reporters given their role in the design and operation of activities meant to prevent and detect fraud. California state law allows local government auditors to set up hotlines to receive complaints about fraud, waste, abuse, or improper governmental action.⁵⁰ The Multnomah County Auditor in Oregon established a hotline to provide a confidential method for employees and the public to report suspected fraud, waste, inefficiency, and abuse in 2007, prior to a state law for waste hotlines going into effect.⁵¹ Information on reporting systems for various county and peer agencies is provided in exhibit N. Peer agencies we spoke to either did not have ombuds functions or had them within the auditor's office.

⁴⁸ Public Health said that the hotline aligns with leading practice issued by the Office of the Inspector General of the US Department of Health and Human Services and makes the agency eligible for lower federal penalties in the event of findings of noncompliance.

⁴⁹ Metro Transit said most contacts are customer service related but that some result in customer cases for follow up. Metro Transit estimates that it received about 190,000 customer contacts in 2024 and 2025, resulting in about 45,000 cases each year. Its reporting format includes social media. Metro Transit has 21 customer service specialists. See <https://kingcounty.gov/en/dept/metro/contact-us>.

⁵⁰ State of California Government Code Section 53087.6.

⁵¹ Oregon Revised Statutes 297.760.

EXHIBIT N: Reporting systems offer multiple formats and may rely on the same staff to receive complaints and investigate cases.

AGENCY	FTE	VOLUME	FORMATS
King County			
Office of Risk Management Services	7 administrative and investigation	1,748	<ul style="list-style-type: none"> • Email • Postal mail • Web form
Ombuds	1 administrative	804	<ul style="list-style-type: none"> • Downloadable form • Email • Phone • Postal mail
Peer Jurisdictions			
Austin City Auditor’s Office (TX)	6 administrative and investigation	404	<ul style="list-style-type: none"> • Web form (+60%) • Phone
Miami-Dade County Office of Inspector General (FL)	4 analysts	431	<ul style="list-style-type: none"> • Web form (40%) • Phone • Postal mail • Walk-in
Multnomah County Auditor (OR)	1 administrative and investigation	100	<ul style="list-style-type: none"> • Web form (90%) • Email • Phone

Notes: We list FTE (full-time equivalent) responsible for administering the reporting system. The Ombuds and Miami-Dade have distinct roles for administration and investigation, while the other systems have the same staff carry out both duties. Miami-Dade has 17 FTE who investigate allegations that are processed by four analysts. Volume for county agencies is from 2024. Volume for Austin and Miami-Dade is from fiscal year 2025, and volume for Multnomah is based on an interview with staff. Web form usage is based on interviews, except for Miami-Dade, which is from its 2025 annual report.

Source: Offices of King County Auditor and Ombuds analysis

In King County, the Ombuds receives about 800 complaints a year. Currently, most complaints to the Ombuds relate to the Department of Adult and Juvenile Detention, whose work directly impacts people’s health and safety. It is hard to estimate the number of complaints a central reporting system would yield in King County. This is in part because, according to a county procurement expert, King County does not have any peers in the region with the same size and complexity of contracts. Based on the population and maturity of offices in Austin and Miami, King County could receive

about 400 allegations per year to a designated integrity “hotline.” Of these, a small portion would likely require investigation, while more than half could be referred to existing functions in the Ombuds or executive agencies.⁵² The County procurement expert said that the County needs a safe place for people to report concerns and get information back on whether there is a problem without rising to the level of making a whistleblower complaint.

Third parties
have fewer
protections
than employees

Protections for county employees who aid in investigations do not extend to non-employees who witness or report misconduct. Employee protections include provisions for confidentiality and anti-retaliation. The Ombuds said in its 2024 annual report that it often hears concerns from people submitting whistleblower complaints that anti-retaliation protections for whistleblowers only last six months. In addition, the last substantive update to the whistleblower code in 2009 brought attention to the limitations King County faces in offering confidentiality within the constraints of the Washington State Public Records Act.⁵³

Federal, state, and local laws include provisions to address retaliation against contractors and members of the public. Under the US False Claims Act (FCA), whistleblower protections extend to contractors and agents, who are likely to have access to relevant information. Qui tam actions allowed by the FCA must be based on original information that is not publicly available. As such, these actions are often brought by employees of contractors or others doing business with the government as opposed to government employees. In addition, Washington state law extends anti-retaliation protections to subcontractors and other members of the public involved in cases handled by the governor’s Office of the Corrections Ombuds.⁵⁴ At the local level, the whistleblower ordinance in Miami-Dade County extends protections to county contractors and has resulted in many contractors reporting allegations of fraud and improper acts, according to the Miami-Dade County Office of Inspector General. The office participates in vendor fairs to increase contractors’ awareness of its oversight function. The Austin City Auditor’s Office said it would like to improve outreach to contractors but that it has no way to protect them from

⁵² The Miami-Dade County Office of the Inspector General reported referring 52 percent of complaints (223) to other offices and initiating investigations or inquiries into 8 percent (36) in the fiscal year ending in 2025. The Austin City Auditor’s Office’s Integrity Unit reported that two-thirds of allegations were outside its jurisdiction and referred to HR or other parties, while one-third was in its jurisdiction for the fiscal year ending in 2025. The unit completed 11 investigations that year.

⁵³ In addition, due process rights guaranteed in the US Constitution limit the authority of county governments to protect people’s identities if they submit complaints and serve as witnesses in criminal cases.

⁵⁴ Under RCW 43.06C.070(2), “no discriminatory, disciplinary, or retaliatory action may be taken against a department employee, subcontractor, or volunteer, an inmate, or a family member or representative of an inmate for any communication made, or information given or disclosed, to aid the office in carrying out its responsibilities” in good faith.

retaliation. Because reporting takes time and can negatively affect those who provide information, it is important that reporting systems are easy and safe to use.

Code can designate an accessible reporting system

To increase prevention and detection of fraud and improper acts through a centralized reporting system such as a hotline, the King County Council could propose any or all of the following revisions to county code:

- create a centralized reporting system for King County
- require allegations to be forwarded immediately to the new system
- expand confidentiality and anti-retaliation protections beyond employees to the extent possible under law.

Create a centralized reporting system for King County. A reporting system may be called a fraud or integrity hotline even though reports need not be made by phone. Code could clarify the organizational position and function of the reporting system. Centralized reporting and subsequent collaboration could be housed within the Auditor or the Ombuds, which have relevant skills and appropriate independence. Their existing bodies of work require familiarity with identifying fraud risks. In addition, because they are not responsible for designing and implementing internal controls, they have a greater independence of mind and appearance.

Require allegations to be forwarded immediately to the new system. Creation of a dedicated system need not disrupt effective reporting systems that are based on relationships, such as with supervisors or HR, and required reporting, such as loss reporting to the SAO. However, it should contribute to centralized data and analysis as well as consistent responses to fraud and improper acts. This change is modeled after 2009 revisions to whistleblower code that require agencies receiving reports of fraud and improper acts who are not the appropriate officials to “immediately forward” them to the appropriate officials (KCC 3.42.050.A). It is also in line with whistleblower code in its acknowledgment that there are opportunities to increase efficiency through centralization by encouraging investigating officials to “enter into cooperative agreements or arrangements for receiving and processing complaints” (KCC 3.42.055.G and 3.42.060.L).

Expand confidentiality and anti-retaliation protections beyond employees to the extent possible under law. This may increase reports of misconduct involving contractors by increasing the number of allegations and witness statements from the employees of contractors and members of the public who receive contract services. King County’s ethics, whistleblower, and personnel ordinances prohibit retaliation

against county employees for reporting potential violations. Expanded protections could be added to new legislation (see Gap 2) or updates to the Employee Code of Ethics (KCC 3.04) or Whistleblower Protection (KCC 3.42). Model language can be found in the FCA and local false claims ordinances as well as state law related to the Washington state Office of the Corrections Ombuds.

Estimated costs for adding a designated reporting system

The King County Council could invest \$180,000 to \$720,000 per year creating a centralized fraud reporting system. A breakdown of estimated costs is provided in exhibit O and includes Ombuds staff and training, information technology, and marketing. These costs assume implementation in an existing independent agency and that separate investments are also made in investigation capacity (Gap 1). This is because county staff we interviewed said that creating a public-facing reporting system without added capacity to respond to and investigate allegations could lead to perceptions that the County does not take allegations seriously. Moreover, in all but the largest of the peer jurisdictions we interviewed, the same staff both administered the reporting system and conducted investigations. Our estimate includes one to three Ombuds staff in anticipation that many of the allegations coming into the reporting system will not be fraud-related yet may require investigation into ethical conduct or administrative acts. Some of the Ombuds staff could be hired on a temporary basis until reporting volumes are better understood. We also include annual marketing costs to align with leading practice to regularly publicize the system to increase access. Finally, some organizations relied on external contractors to provide a case management system, while others built their systems in house. We include annual costs for case management system licenses. Not included in our annual cost are any one-time costs related to potential information technology system customization, which we estimate at about \$100,000. Our cost estimates do not account for any time existing staff spend on implementation, such as planning, hiring, and supporting proposed code changes. These efforts could require significant time. For a feasibility summary including estimated timelines, see appendix 2, exhibits 2.1 and 2.3.

EXHIBIT O: Estimated annual and one-time costs for a reporting system (e.g., hotline).

	COST RANGE	NOTES
Annual costs		
Ombuds staff	\$171,000–\$512,000	For 1 to 3 FTE to handle increase in non-fraud allegations.
Training	\$2,000–\$6,000	For 1 to 3 FTE, \$2,000 per FTE
Information technology	\$1,200–\$3,200	Annual licenses for case management system for 3 to 8 FTE*, \$400 per FTE
Marketing	\$5,000–\$200,000	To publicize reporting system on buses, trains, and other media
Total annual cost range	\$179,000–\$721,000	
One-time costs		
Staff equipment	\$4,000–\$8,000	For 1 to 2 FTE, \$4,000 per FTE
Information technology	\$0–\$100,000	To set up a new case management system if existing software does not have necessary functionality
Total one-time cost range	\$4,000–\$108,000	

*Number of full-time equivalent (FTE) employees for licenses includes 1-3 Ombuds staff, as shown above, and 1-4 investigators and 1 administrative staff based on Exhibit H (investigation costs), see also appendix 2, exhibits 2.1 and 2.3. Note: All FTE include salary and benefits.

Source: Offices of King County Auditor and Ombuds analysis

Gap 5: Awareness of Fraud and Improper Acts

SECTION SUMMARY

The King County Council could revise code to require training and policy acknowledgments to increase awareness of fraud and improper acts among employees and contractors. Fraud awareness training is a leading practice. Promoting awareness through ongoing and relevant training helps organizations build a culture of integrity. The federal Chief Financial Officers Council (CFO Council) emphasizes that “fraud is not a four-letter word.” The US Government Accountability Office (GAO) outlines three key elements of fraud awareness training: risks, responsibilities, and effects. Since bad actors frequently use contractors to conceal improper payments, the Association of Certified Fraud Examiners (ACFE) suggests training contractors in addition to employees. ACFE research found that employees who received fraud awareness training were twice as likely to report allegations of fraud as those who did not. Awareness can also be increased by requiring employees and contractors to affirm their understanding of policies related to fraud and improper acts and ensuring relevant information is accessible. Because King County does not yet have a robust strategy to increase awareness about fraud and improper acts, it is missing opportunities to reduce losses through prevention — the most cost-effective approach — and early detection.

Increasing awareness is a leading practice

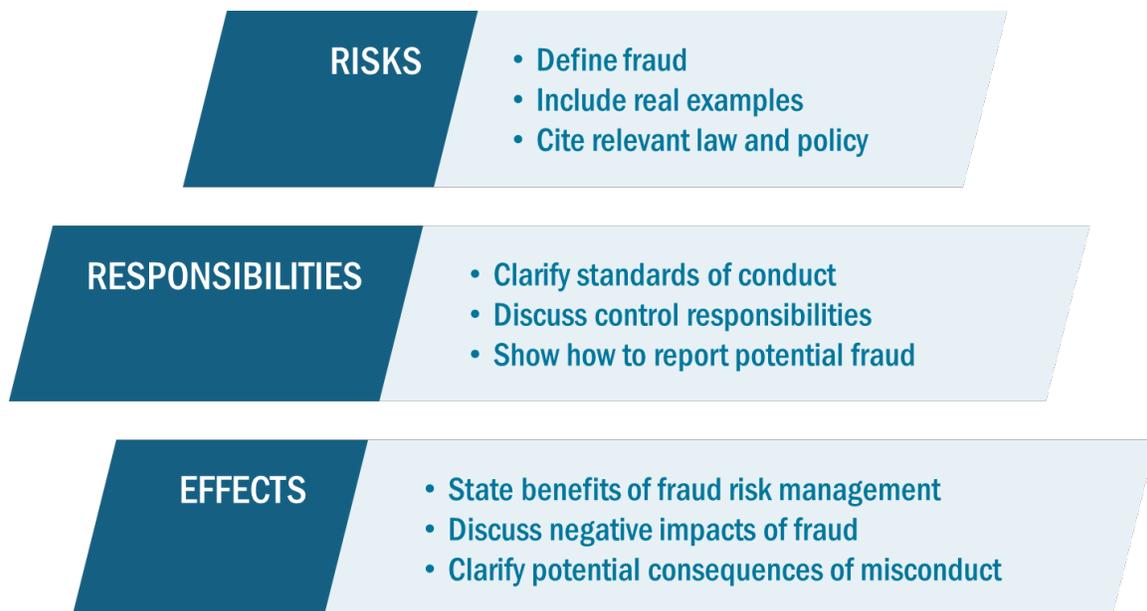
King County has an opportunity to increase awareness of fraud and improper acts among county employees and contractors. Some of the gaps we found during this study — the County’s complex policy environment, lack of central reporting, and limited information sharing — likely contribute to the County’s current state of limited awareness. According to the CFO Council, “fraud awareness should be embedded and communicated throughout the agency, from leadership down to employees at all levels.” Organizations can build awareness through training, communication (such as meetings and newsletters), and policy acknowledgments.

Fraud awareness training is a leading practice. According to GAO, training helps build an organizational culture of integrity and fraud risk management. By requiring ongoing training, leadership provides specific and relevant knowledge and shows commitment to countering fraud and improper acts. According to the ACFE, fraud awareness training can reduce fraud losses by helping detect fraud faster. Training

was a control activity involved in 63 percent of cases reviewed for the ACFE's 2024 report on occupational fraud.

Employee awareness training should be ongoing, tailored to agency operations, and user-friendly. The ACFE recommends requiring all employees to take fraud awareness training and regular refreshers. It also suggests that some employees, such as supervisors, may require additional training. Anti-fraud training is most effective when it includes practical knowledge. For example, training in countywide policies would apply to all employees, whereas training in specific issues, like cash handling or grant management, would only apply to staff with relevant duties.

EXHIBIT P: Training should raise awareness of fraud-related risks, responsibilities, and effects.



Source: Adapted from *A Framework for Managing Fraud Risks in Federal Programs*, July 2015, US Government Accountability Office, GAO-15-593SP, Appendix III, Table 7, by Offices of King County Auditor and Ombuds

GAO outlines three elements of anti-fraud training: risks, responsibilities, and effects (see exhibit P). The risk element includes the definition of fraud, examples that employees are likely to encounter, and actual cases the government has experienced. Responsibility includes general information on standards of conduct and reporting, as well as more specific information such as how staff prevent and detect fraud. Effect includes the benefits of activities to promote financial accountability and integrity as well as the costs and consequences of fraud and improper acts. To ensure training is relevant and effective, it is important that King County develop legislation

or otherwise communicate clear policy direction (Gap 2) as well as increase available information and data analytics (Gap 6).

Training and communication are limited

Audit findings highlight gaps in training and communication among staff and contractors. King County's current NEOGOV training platform includes nearly 1,200 courses in its catalog. This includes several courses on ethics and one supervisor training on whistleblower protections, but our search for "fraud" did not return any results. County employees are given a short overview of the Employee Code of Ethics during new employee orientation. Otherwise, they are not likely to receive any anti-fraud training unless it is required for federal funding. In the last year, the Auditor issued two audits of locally funded grant administration that included recommendations to provide staff with ongoing anti-fraud training. In response to this recommendation, DCHS developed an anti-fraud training and made it available to all department employees through NEOGOV. While not subject to one of these two audits, Public Health also told us that it has developed anti-fraud training. Another finding from the DCHS audit was that the agency had not clearly communicated financial management requirements to grantees. Because contractors are frequently used to conceal improper payments, the ACFE suggests training contractors on relevant policies, code, and procedures to ensure they understand what integrity, financial accountability, and ethical conduct entails.

Signing policies shows awareness

Awareness can also be increased by requiring more policy acknowledgments and making information more accessible. According to the International Public Sector Fraud Forum, organizations should ensure that contractors and consultants, in addition to employees, have access to the organization's code of conduct and ethics. King County's Employee Code of Ethics has a requirement that county employees sign and return a document demonstrating their understanding of and consent to ethics code upon employment (KCC 3.04.130). Contractors may also face penalties under the Employee Code of Ethics, but there are no requirements that they demonstrate their understanding and consent. In line with leading practice, DHR suggests that county agencies with contracting relationships require contractors to sign acknowledgments of relevant policies. DHR also recommends increasing the number of policies employees are required to sign and ensuring that employees sign them more often. For example, employees sign financial disclosures annually, while only affirming their understanding of the code of ethics upon employment. DHR has document

management software that can disseminate policies for signing and add them directly to employee personnel files.

Whistleblower Protection (KCC 3.42.030.H) requires code summaries to be “conspicuously posted where all employees will have reasonable access to them.” Both the Employee Code of Ethics (KCC 3.04.130) and Whistleblower Protection (KCC 3.42.030.H) require appointing authorities to ensure all employees receive summaries of those codes upon employment and at least once every two years. In years past, the King County Board of Ethics administrator managed code of ethics training countywide, however, staffing for this role has decreased, contributing to limited training. Code directs the County Executive to prepare these materials with the assistance of the Ombuds. For discrimination, harassment, and inappropriate conduct, code also includes requirements for regular communication to all employees through resources, including training, that are easy to locate online (KCC 3.12D.010.C). In contrast, executive fraud policy directs finance managers to disseminate that policy, limiting communication from senior leadership and thus the ethical tone at the top.

Code can support greater awareness

To increase awareness through training and communication, the King County Council could propose any or all of the following revisions to county code:

- assign responsibility to administer regular training for all staff
- add requirements for employees and contractors to sign policies.

Assign responsibility to administer regular training for all staff. Language could clarify that training should occur at regular intervals, specify the audience (staff and/or contractors), and the expected outcomes of training. This responsibility could be added to new chapters of code (see Gap 2) or added to the duties of specific agencies. For example, in Ordinance 19978, Council directed DCHS to require certain contractors to complete financial management training. Training responsibilities could be appropriate for staff with expertise in ethics, HR, finance, and/or law. The duties of DHR include communicating to employees about HR issues and administering centralized employee training (KCC 2.16.036.B.4 and D.1), while the duties of DES include providing staff support for the Board of Ethics (KCC 2.16.035.A). The County has successfully implemented all staff training on cybersecurity, which could serve as a model for a training program dedicated to fraud and improper acts.

King County may be able to provide training more efficiently if it were administered more centrally. For example, the City of Pasadena, CA, requires every employee to take a 20-minute fraud and ethics course every two years. However, due to the size

and complexity of King County, each function is also likely to need specific training on their own operational risks and internal controls to align with leading practice. If taking a decentralized approach, Council could consider starting training requirements with agencies at higher risk of fraud.⁵⁵

Add requirements for employees and contractors to sign policies. Language could clarify minimum requirements for the types of policies that should be disseminated for signature, who should sign (staff and/or contractors), and how often. This responsibility could be added to new chapters of code (see Gap 2) or added to the duties of specific agencies. This role could be appropriate for staff with expertise in HR and procurement. Adding ethics (Gap 2) and inspections (Gap 4) clauses to all contracts, including grants, could also help increase awareness.

Implementing agencies can estimate the cost of increased awareness

The King County Council could ask implementing agencies to estimate the cost of increased awareness. Because there are several ways that training and policy acknowledgments could be delivered effectively, we suggest that Council define the expected outcomes through code and that the implementing agencies define the costs necessary to meet Council requirements. That said, there is a lot King County can do with existing resources. Some low-cost improvements include:

- update content for new employee orientation
- adapt departmental anti-fraud training for a countywide audience via NEOGOV
- have employees affirm their understanding of ethical conduct more often
- require contractors to affirm their understanding of ethical conduct before contract execution
- raise awareness through King County’s “Employee News” with free materials provided by ACFE during International Fraud Awareness week each November
- create or purchase targeted training for agencies at higher risk of fraud.

In addition to any new expenditures, increasing awareness will require staff time. Employees would spend time developing and delivering content, participating in training (as little as 20 minutes every two years in Pasadena), reviewing and signing policies, and monitoring compliance.

⁵⁵ FBOD identifies the following agencies as being at higher risk of fraud using a classification system from the ACFE: Facilities Management Division, FBOD, Fleet, King County Executive Office, Solid Waste Division, and Wastewater Treatment Division.

Gap 6: Countywide Information and Analytics

SECTION SUMMARY

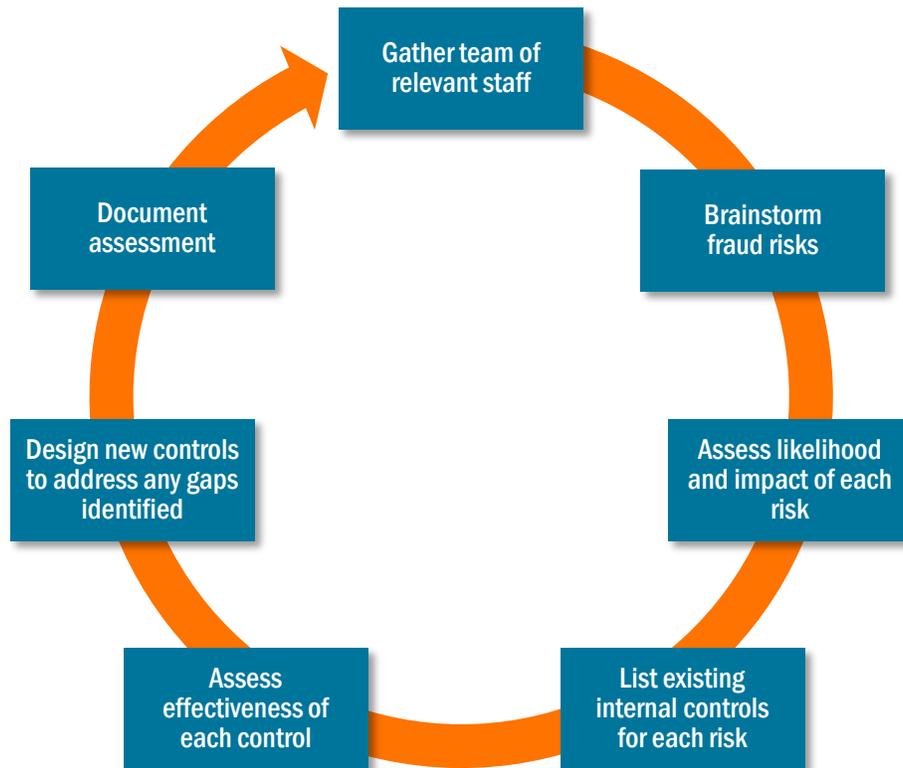
The King County Council could amend code to support a risk-based approach to fraud and improper acts. GAO lists regular fraud risk assessments as one of its four components of effective fraud risk management and includes collecting and analyzing data among its leading practices. Risk assessments can help strengthen internal controls to prevent and detect fraud, limiting potential losses. In addition, risk assessments and data analytics provide information that can make awareness efforts like training and communications more relevant and impactful. Finally, analytics can provide data on the financial impact of fraud and improper acts to help assess the cost-effectiveness of fraud risk management strategies. King County does not yet conduct regular fraud risk assessments despite its robust enterprise risk management program and does not centralize data and information to assess the impact of fraud and improper acts on the County.

Fraud risk assessments are essential

GAO identifies regular fraud risk assessments as a core component of effective fraud risk management. Fraud risk assessments involve brainstorming potential fraud risks, the likelihood and impact of those risks, how existing processes or controls address those risks, and ways to bring risk to an acceptable level. Effective fraud risk assessments involve people at various levels of an organization to understand the realities of each business function. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), internal audit functions may manage fraud risk assessments due to their understanding of risks, processes, and internal controls as well as their professional skepticism. GAO notes that oversight entities, like federal inspectors general, should not lead or facilitate fraud risk assessments since doing so could impair their independence. These entities may, however, inform the process and help identify fraud risks. According to the International Public Sector Fraud Forum (IPSFF), leading practice is to engage with fraud specialists for assistance when considering fraud risk. These specialists could be internal or external to the organization. Some organizations hire contractors to conduct fraud risk assessments because of their technical expertise. However, one

audit executive we interviewed cautioned that outsourced assessments may be overly generic since contractors may lack familiarity with the organization.

EXHIBIT Q: Regular fraud risk assessments include documenting risks and controls.



Source: Adapted from the Committee of Sponsoring Organizations of the Treadway Commission *Fraud Risk Management Guide, Second Edition* by the Offices of King County Auditor and Ombuds

County does not conduct fraud risk assessments

King County does not currently conduct regular fraud risk assessments. While the County has an effective enterprise risk management program,⁵⁶ fraud risk management is a different discipline. Organizations can, however, apply enterprise risk management processes and templates to fraud risk management to increase efficiency and familiarity, according to the Chief Financial Officers Council (CFO Council). For an organization as big as King County, the idea of an enterprise-wide fraud risk assessment may seem daunting, but leading practice does not require everything to be assessed at once. According to the CFO Council, large organizations

⁵⁶ The enterprise risk management program identifies significant challenges the County may face in the next several years. According to the 2024 annual report of the Office of Risk Management Services, the highest priority risks are generally associated with key strategic priorities and circumstances which could result in loss of life.

can start somewhere manageable and cover the entire organization incrementally by combining multiple smaller risk assessments. These could be at the section, function, division, or department level under the direction of specialists. One benefit of an incremental approach is that it allows the process to improve over time through the integration of lessons learned.

Data analysis is a leading practice

GAO includes collecting and analyzing data among its leading fraud risk management practices. This is because data from reporting systems, investigations, and prosecutions can enhance fraud risk management activities and add concrete information to fraud awareness training. In addition, better data can inform investment decisions related to fraud prevention, detection, and response. According to the IPSFF, governments generally lose 0.5 to 5 percent of their spending to fraud. If this metric were applied to King County, based on its 2026–27 biennial budget of \$20.16 billion, the County could lose between \$50.4 million to \$504 million a year to fraud. Estimated fraud losses for government healthcare programs are higher, with COSO citing a range of 5 to 10 percent. The more data the County collects about its own fraud risk, the more information the County will have to make cost-effective investments in fraud risk management.

County lacks metrics on fraud, misuse

King County lacks centralized, enterprise-wide data on complaints and investigations, including those related to fraud or improper acts. For example, DHR does not have an estimate of the total number of employment-related complaints submitted each year or the subset related to fraud or improper acts. This is because department-level HR staff typically receive complaints and conduct investigations, without reporting them centrally to DHR. The only types of HR complaints with central reporting requirements are discrimination, harassment, and inappropriate conduct. Code requires the County Executive, Assessor, Director of Elections, County Council, and Prosecuting Attorney to report biennially on the number of complaints of discrimination, harassment, and inappropriate conduct received by each department each year (KCC 3.12D.020). DHR implemented a new system to track discrimination complaints in 2026, and said it has capacity to expand that system to other complaints. DHR leadership believes the number of complaints related to fraud or improper acts is relatively low compared to all HR complaints that they receive. The most common fraud allegations cited by leadership in DHR and DES were examples of fraudulent timekeeping, i.e., where employees received pay for time reported but not worked.

FBOD and the Ombuds also have information that could be included in comprehensive data analysis. FBOD centrally maintains loss reports required to comply with state law. Loss reports include but are not limited to cases of fraud and improper acts. Similarly, the Ombuds has some fraud investigation reports, including those issued by the Ombuds and sent to the Ombuds under code requirements related to whistleblower investigations (KCC 3.42.055.D). As mentioned in Gap 1, agencies do not consistently comply with code in sending final investigation reports to the Ombuds. The United States Ombudsman Association notes that it is the responsibility of ombuds offices not only to receive complaints but to identify patterns of abuse or negligence. Under the status quo, the County Ombuds lacks the information and capacity to carry out its mission in this regard.

Code can support risk assessments and analysis

To increase information and data analytics, the King County Council could propose any or all of the following revisions to county code:

- require regular fraud risk assessments
- require centralized data collection and analysis
- ensure agencies send final investigation reports to the Ombuds.

Require regular fraud risk assessments. Code revisions could clarify which agency or staff are responsible for ensuring that the County conducts regular fraud risk assessments and the expected outcomes of those assessments. This responsibility could be added to new chapters of code (see Gap 2) or to the duties of a specific agency capable of directing work across departments, such as the agency that houses the internal audit function included in the 2026–27 budget. Leading practice is for internal auditors or operational staff with relevant expertise to direct fraud risk assessments. Placing this work within independent oversight agencies, like the Auditor or Ombuds, can compromise their independence.

Require centralized data collection and analysis. This can be carried out through requirements to code that are associated with new legislation or amendments related to investigation, inspection, and reporting systems. If no changes are made in these areas, Council could require agencies that collect relevant information such as loss reports, HR complaints, and final investigation reports to share information centrally to get an aggregate picture of fraud and improper acts across King County. For example, code requirements direct DHR to collect data on discrimination; this same approach can be used to increase information on fraud and improper acts involving employees. Existing information channels may not, however, effectively capture

reports of fraud and improper acts among contractors. Independent agencies in the legislative branch are well positioned to receive and analyze data related to fraud and improper acts.

Ensure agencies send final investigation reports to the Ombuds. This option would be superseded if Council decided to consolidate investigation authority that is given to county agencies in whistleblower code. If Council does not make this change, however, it could consider adding provisions such as timelines (e.g., within 30 days of completion) or penalties to encourage agencies to comply with provisions that require them to send final investigation reports to the Ombuds (KCC 3.42.055.D).

Implementing agencies can estimate the cost of better information

The King County Council could ask implementing agencies to estimate the cost of increased awareness. Because there are several ways that fraud risk assessments and data collection and analysis could be delivered effectively, we suggest that Council define the expected outcomes through code and that the implementing agencies define the costs necessary to meet Council requirements. Boosting information will have higher upfront or ongoing costs, if King County hires consultants to conduct regular fraud risk assessments, but over time, the County could develop expertise to do this work internally. There is a lot the County can do with existing resources. Some low-cost improvements include:

- task the new internal audit function with starting fraud risk assessments somewhere manageable and cover the enterprise incrementally
- adapt existing enterprise risk management templates and processes for fraud risk assessments
- increase information sharing among relevant agencies, such as FBOD, DHR, Auditor, and Ombuds.

In addition to any new expenditures, increased information and data analysis will require staff time. Employees would spend time conducting and documenting risk assessments, entering and preparing data for review, and analyzing complaints and reports for trends.

Appendix 1: Excerpt from King County Ordinance 19978

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

Source: King County Code, approved October 6, 2025, see pp. 11-13, available here:
<https://mkcclegisearch.kingcounty.gov/LegislationDetail.aspx?ID=7638134&GUID=6C08433A-B1B7-4E54-A3F9-C512CD12E80D&Options=Advanced&Search=>

Appendix 2: Feasibility of Selected Options

King County Ordinance 19978 identifies three forms of oversight for review: inspector general positions, qui tam, and independent contract review. To assess their feasibility, we configure these forms of oversight in five ways:

1. **Inspector general positions** (exhibit 2.1) – three functions 1) a reporting system or hotline, 2) investigation, and 3) inspection, which includes contract review.
2. **Stand-alone independent contract review process** (exhibit 2.2) – only an inspection function.
3. **Investigation program with reporting system (hotline)** (exhibit 2.3) – two functions 1) a reporting system or hotline and 2) investigation.
4. **Stand-alone investigation program** (exhibit 2.4) – only an investigation function.
5. **Qui tam** – The Civil Division of the Prosecuting Attorney’s Office, does not recommend this approach. Instead, options involving a reporting system or hotline could increase detection of fraud and improper acts among contractors. To ensure there is sufficient capacity to address allegations properly, we do not include an option for a stand-alone reporting system.

EXHIBIT 2.1: Inspector general positions – reporting system (hotline), investigation, inspection.

LINE ITEMS	DESCRIPTION
Feasibility	Achievable
Timeline	<p>Implement changes, beginning with code and budget in 2026–2028. A potential implementation schedule could include:</p> <p>June–December 2026</p> <ul style="list-style-type: none"> • Provide budget authority for selected policy options • Update county code for selected policy options <p>January–December 2027</p> <ul style="list-style-type: none"> • Build standards, and programmatic and collaboration frameworks • Begin conducting work • Evaluate for county charter updates <p>January–December 2028</p> <ul style="list-style-type: none"> • Engage charter review, if appropriate • Start full operational implementation

January 2030

- Begin program assessment to evaluate efficiency, effectiveness, and resource appropriateness

Structure and Powers

Inspector general positions could include a total of 3.5–11 new roles, as shown on the table below. Some additions could begin as temporary positions, while determining workload.

ROLE	STAFFING (FTE)
Receive complaints and investigate fraud	1–4
Administrative duties such as public records	0.5–1
Investigate non-fraud allegations from hotline	1–3
Inspect contracts	1–3

The King County Council could place these roles in the offices of the Auditor or Ombuds, a new legislative branch office, an executive branch entity, or a mixture of these approaches. The placement of the function should allow for qualified staff, independence, and professional judgment to align with federal standards.

Depending on the policy options selected, powers should include:

- Authority to investigate fraud
- Ability to receive anonymous complaints
- Authority to publicize the reporting system
- Authority to conduct inspections
- Direct access to people and information
- Authority to investigate and inspect contractors, subcontractors, and grantees
- Subpoena power
- Authority to administer oaths for testimony

Estimated Costs

Depending on which policy options the County Council selects, we estimate costs of \$850,000 to \$2.3 million per year. This includes staff salaries, benefits, and training; contracting for specialized engagements; and software licenses and marketing for the reporting system. One-time costs may include customization of a case management system, estimated at \$100,000.

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 2.2: Stand-alone independent contract review process – inspection.

LINE ITEMS	DESCRIPTION
Feasibility	<p>Achievable</p> <p>Note: An inspection function could be implemented separately, as shown in this exhibit, or along with two other functions, referred to collectively as “inspector general positions” on exhibit 2.1.</p>
Timeline	<p>Implement changes, beginning with code and budget in 2026–2028.</p> <p>A potential implementation schedule could include:</p> <p>June–December 2026</p> <ul style="list-style-type: none"> • Provide budget authority for selected policy options • Update county code for selected policy options <p>January–December 2027</p> <ul style="list-style-type: none"> • Build standards, and programmatic and collaboration frameworks • Start full operational implementation <p>January–June 2028</p> <ul style="list-style-type: none"> • Evaluate for resource appropriateness
Structure and Powers	<p>A stand-alone inspection function could include 1-3 new inspection staff.</p> <p>The King County Council could place new staff in the offices of the Auditor or Ombuds, an executive branch entity, or a mixture of these approaches. The placement should allow for independent, competent staff to align with federal standards for inspection.</p> <p>Depending on the policy options selected, powers should include:</p> <ul style="list-style-type: none"> • Authority to conduct inspections • Direct access to people and information • Authority to inspect contractors, subcontractors, and grantees • Subpoena power
Estimated Costs	<p>Depending on which policy options the County Council selects, we estimate costs of \$190,000 to \$560,000 per year. This includes staff salaries, benefits, and training.</p>

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 2.3: Investigation program with reporting system (hotline).

LINE ITEMS	DESCRIPTION								
<p>Feasibility</p>	<p>Achievable</p> <p>Note: An investigation function and reporting system could be implemented as a pair, as shown in this exhibit, or along with an inspection function, referred to collectively as “inspector general positions” on exhibit 2.1.</p>								
<p>Timeline</p>	<p>Implement changes, beginning with code and budget in 2026–2028. A potential implementation schedule could include:</p> <p>June–December 2026</p> <ul style="list-style-type: none"> • Provide budget authority for selected policy options • Update county code for selected policy options <p>January–December 2027</p> <ul style="list-style-type: none"> • Build standards, and programmatic and collaboration frameworks • Begin conducting work • Evaluate for county charter updates <p>January–December 2028</p> <ul style="list-style-type: none"> • Engage charter review, if appropriate • Start full operational implementation <p>January 2030</p> <ul style="list-style-type: none"> • Begin program assessment to evaluate efficiency, effectiveness, and resource appropriateness 								
<p>Structure and Powers</p>	<p>An investigation function and reporting system could include a total of 2–7 new roles, as shown on the table below. We assume the need for 1 administrative staff if 2 or more investigators are added. Some additions could begin as temporary positions, while determining workload.</p> <table border="1" data-bbox="399 1465 1430 1682"> <thead> <tr> <th data-bbox="399 1465 1179 1520">ROLE</th> <th data-bbox="1179 1465 1430 1520">STAFFING (FTE)</th> </tr> </thead> <tbody> <tr> <td data-bbox="399 1520 1179 1575">Receive complaints and investigate fraud</td> <td data-bbox="1179 1520 1430 1575">1–4</td> </tr> <tr> <td data-bbox="399 1575 1179 1629">Administrative duties such as public records</td> <td data-bbox="1179 1575 1430 1629">0.5–1</td> </tr> <tr> <td data-bbox="399 1629 1179 1682">Investigate non-fraud allegations from hotline</td> <td data-bbox="1179 1629 1430 1682">1–3</td> </tr> </tbody> </table> <p>The King County Council could place these roles in the offices of the Auditor or Ombuds, a new legislative branch office, an executive branch entity, or a mixture of these approaches. The placement of the function should allow for qualified staff, independence, and professional judgment to align with federal standards.</p>	ROLE	STAFFING (FTE)	Receive complaints and investigate fraud	1–4	Administrative duties such as public records	0.5–1	Investigate non-fraud allegations from hotline	1–3
ROLE	STAFFING (FTE)								
Receive complaints and investigate fraud	1–4								
Administrative duties such as public records	0.5–1								
Investigate non-fraud allegations from hotline	1–3								

Depending on the policy options selected, powers should include:

- Authority to investigate fraud
- Ability to receive anonymous complaints
- Authority to publicize the reporting system
- Direct access to people and information
- Authority to investigate contractors, subcontractors, and grantees
- Subpoena power
- Authority to administer oaths for testimony

Estimated Costs

Depending on which policy options the County Council selects, we estimate costs of \$660,000 to \$1.7 million per year. This includes staff salaries, benefits, and training; contracting for specialized engagements; software licenses; and marketing for a designated reporting system. One-time costs may include customization of a case management system, estimated at \$100,000.

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 2.4: Stand-alone investigation program.

LINE ITEMS	DESCRIPTION
Feasibility	<p>Achievable</p> <p>Note: An investigation function could be implemented separately, as shown in this exhibit, or along with two other functions, shown on exhibits 2.1 and 2.3.</p>
Timeline	<p>Implement changes, beginning with code and budget in 2026–2028. A potential implementation schedule could include:</p> <p>June–December 2026</p> <ul style="list-style-type: none"> • Provide budget authority for selected policy options • Update county code for selected policy options <p>January–December 2027</p> <ul style="list-style-type: none"> • Build standards, and programmatic and collaboration frameworks • Begin conducting work • Evaluate for county charter updates <p>January–December 2028</p> <ul style="list-style-type: none"> • Engage charter review, if appropriate • Start full operational implementation

January 2030

- Begin program assessment to evaluate efficiency, effectiveness, and resource appropriateness

Structure and Powers

A stand-alone investigation function could include 1–5 new roles, as shown on the table below. We assume the need for 1 administrative staff if 2 or more investigators are added. Some additions could begin as temporary positions, while determining workload.

ROLE	STAFFING (FTE)
Conduct fraud investigations	1–4
Administrative duties such as public records	0–1

The King County Council could place these roles in the offices of the Auditor or Ombuds, a new legislative branch office, an executive branch entity, or a mixture of these approaches. The placement of the function should allow for qualified staff, independence, and professional judgment to align with federal standards.

Depending on the policy options selected, powers should include:

- Authority to investigate fraud
- Ability to receive anonymous complaints
- Direct access to people and information
- Authority to investigate contractors, subcontractors, and grantees
- Subpoena power
- Authority to administer oaths for testimony

Estimated Costs

Depending on which policy options the County Council selects, we estimate costs of \$410,000 to \$1 million per year. This includes staff salaries and benefits, staff training, and contracting for specialized engagements.

Source: Offices of King County Auditor and Ombuds analysis

Appendix 3: List of Potential Updates to King County Code

Throughout this study, we identify potential revisions to King County Code that could facilitate greater financial accountability and better alignment with leading practices. Below, we compile all code revisions listed as options in the study in the order in which they appear in the report. For each suggested revision, we include the current policy and expected effect of the change.

EXHIBIT 3.1: Investigation-related code updates (Gap 1).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
Ombuds does not have explicit authority to investigate contractors (KCC 2.52, KCC 3.42, KCC 3.04)	Include contractors explicitly in Ombuds’ investigative scope	Provides increased contractor oversight, increased alignment with offices of inspector general
Auditor lacks investigation authority (KCC 2.20.040)	Grant Auditor fraud investigation authority	Adds internal, independent investigation capacity, increases alignment with offices of inspector general, increases consistency and transparency, adds efficiency when Auditor finds potential fraud
Auditor can issue subpoena with approval by Council motion (KCC 2.20.65.D)	Remove limits to Auditor’s subpoena power	Increased alignment with offices of inspector general, more access to information
Auditor cannot administer oaths (KCC 2.20)	Grant Auditor authority to administer oaths	Increased alignment with offices of inspector general, more access to information
County does not have an office of inspector general	Align authorities of Auditor and Ombuds and define collaboration structures	Improved coordination and collaboration, increased alignment with offices of inspector general

County does not have an office of inspector general	Option to create new office of inspector general in, or outside of, the legislative branch	Increased complexity, reduced efficiency and effectiveness of oversight, longer to implement than increasing capacity in existing offices, increased alignment with offices of inspector general
County does not require investigations of fraud and improper acts to follow professional standards	Require investigation work to adhere to professional standards	Increased alignment with offices of inspector general and leading practice, increased consistency and transparency
County allows multiple agencies to investigate fraud and improper acts (KCC 3.42, and others)	Strengthen independent agencies' role in investigations	Increased consistency, transparency, and independence of oversight
Neither the Auditor nor Ombuds has explicit authority to investigate fraud and improper acts in the administrative functions in the judicial branch	Grant and clarify independent agencies' authority to investigate the administrative functions in the judicial branch	Increased consistency, transparency, and independence of oversight

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 3.2: Policy environment-related code updates (Gap 2).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
No ordinance dedicated to fraud and improper acts	Add new legislation on fraud and improper acts	Promote culture of integrity, increase consistency and awareness, strengthen oversight of improper payments
Procurement (KCC 2.93) does not clarify its applicability to locally funded grants	Add language on locally funded grants	Clarify scope to increase consistency and awareness and strengthen internal controls

Employee Code of Ethics (KCC 3.04) is not written in clear, plain language	Shorten, reorganize, and clarify the Employee Code of Ethics	Promote culture of integrity, increase consistency and awareness
County does not ensure all contracts include ethics clauses	Require ethics clauses in all contracts, including grants	Foster culture of integrity, increased contractor awareness and consistency facilitating independent oversight
Whistleblower Protection (KCC 3.42) does not include words "contractors" or "fraud"	Explicitly include "contractors" and "fraud" in Whistleblower Protection	Clarify scope to increase consistency and awareness, enhance protections for reporters and witnesses

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 3.3: Inspection-related code updates (Gap 3).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
Auditor (KCC 2.20.040) and Ombuds (KCC 2.52.090) lack explicit authority to conduct inspections	Grant explicit authority in code to conduct inspections	More timely oversight of contracts and other issues, increased alignment with offices of inspector general
County does not require inspections to adhere to professional standards	Require inspection work to adhere to professional standards	Increased alignment with offices of inspector general and leading practice, increased consistency and transparency
No requirement for inspection and evaluation clauses across all contracts and grants	Require inspection and evaluation clauses in all contracts, including grants	Increased contractor awareness and consistency facilitating independent oversight

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 3.4: Reporting system-related code updates (Gap 4).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
No single, designated reporting system (e.g., hotline) for fraud and improper acts	Create a centralized reporting system for King County	Increased alignment with offices of inspector general and leading practice, greater prevention and detection of fraud and improper acts, more accessible to contractors and the public, adds options for anonymous reporting
No single, designated reporting system (e.g., hotline) for fraud and improper acts	Require allegations to be forwarded immediately to the new system	Increased consistency in response, more comprehensive data analysis to inform prevention, detection, and response activities
Employee Code of Ethics (KCC 3.04) and Whistleblower Protection (KCC 3.42) prohibit retaliation against employees	Expand confidentiality and anti-retaliation protections beyond employees to the extent possible under law	More support for contractors and other third parties who may face negative consequences for serving as witnesses or complainants, increased prevention and detection of fraud and improper acts

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 3.5: Awareness-related code updates (Gap 5).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
No regular training on fraud and improper acts for all county employees	Assign responsibility to administer regular training for all staff	Increased alignment with leading practice, fosters culture of integrity, increased awareness, prevention, and detection
Employee Code of Ethics (KCC 3.04.130) requires new employees (not contractors) to sign policy acknowledgment	Add requirements for employees and contractors to sign policies	Fosters culture of integrity, increased awareness

Source: Offices of King County Auditor and Ombuds analysis

EXHIBIT 3.6: Information-related code updates (Gap 6).

CURRENT POLICY	POTENTIAL UPDATE	EFFECT
Fraud risk assessments not required	Require regular fraud risk assessments	Increased alignment with leading practice, increased information to prevent and detect fraud
Centralized data collection limited to state-mandated loss reporting	Require centralized data collection and analysis	Increased alignment with leading practice, increased data analysis to inform prevention, detection, and response activities
No timelines or penalties for noncompliance with requirement that agencies send final investigation reports to Ombuds (KCC 3.42.055.D)	Ensure agencies send final investigation reports to Ombuds	More centralized data collection to increase independent oversight and increased data analysis to inform prevention, detection, and response activities

Source: Offices of King County Auditor and Ombuds analysis

Appendix 4: Sources and Standard-Setting Bodies

Sources:

1. ACFE, *Occupational Fraud 2024: A Report to the Nations*
2. COSO, *Fraud Risk Management Guide, Section Edition*, March 2023
3. Doyle, Charles. Congressional Research Service, *Qui Tam: An Abridged Look at the False Claims Act and Related Federal Statutes*, April 26, 2021, R40786.
4. GAO, *A Framework for Managing Fraud Risks in Federal Programs*, July 2015, GAO-15-593SP
5. IPSFF, *A Guide to Managing Fraud for Public Bodies*, February 2019
6. IPSFF, *Guide to Understanding the Total Impact of Fraud*, February 2020
7. Lemons, Bryan. Federal Law Enforcement Training Centers, *An Overview of "Qui Tam" Actions*
8. Office of the Controller, City and County of San Francisco, Proposition C: Inspector General Implementation Update as of July 2025.
9. Wilhelm, Ben. Congressional Research Service, *Statutory Inspectors General in the Federal Government: A Primer Updated*, February 8, 2023.

Referenced standard-setting bodies:

- Association of Certified Fraud Examiners (ACFE)
- Association of Inspectors General (AIG)
- Chief Financial Officers Council (CFO Council)
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- Council of the Inspectors General on Integrity and Efficiency (CIGIE)
- Government Finance Officers Association (GFOA)
- Institute of Internal Auditors (IIA)
- International Public Sector Fraud Forum (IPSFF)
- United States Ombudsman Association (USOA)
- US Government Accountability Office (GAO)
- Washington State Auditor's Office (SAO)

King County agencies and peers engaged on this report:

- Allegheny County Controller's Office, PA
- Austin City Auditor's Office, TX
- Berkeley City Auditor, CA
- City of Bowling Green Internal Auditor's Office, KY
- City of Pasadena's Internal Auditor (retired), CA
- King County Board of Ethics
- King County Department of Community and Human Services (DCHS)
- King County Department of Executive Services (DES)
- King County Department of Human Resources (DHR)
- King County Executive's Office
- King County Finance and Business Operations Division (FBOD)
- King County Office of Risk Management Services (ORMS)
- King County Prosecuting Attorney's Office (Prosecuting Attorney)
- King County Sheriff's Office (Sheriff's Office)
- King County Metro Transit (Metro Transit)
- Miami-Dade County Office of the Inspector General, FL
- Multnomah County Auditor's Office, OR
- Portland City Auditor, OR
- Public Health – Seattle & King County (Public Health)
- Sacramento Office of the City Auditor, CA
- Seattle Ethics and Elections Commission
- Seattle Police Department
- Washington State Auditor's Office