



KING COUNTY AUDITOR & OMBUDS

Building Toward Effective Fraud Risk Management and Response

KyMBER WALTMUNSON and JEREMY BELL

April 24, 2026 | GOVERNMENT ACCOUNTABILITY AND OVERSIGHT COMMITTEE

Ordinance 19978

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.

...adding an inspector general position or position within the auditor's office...

...creating a qui tam program... that is administered within or external to the auditor's office

...creating an independent contract review process... within or external to the auditor's office

Presentation flow

1. Gaps in fraud management and response
2. Feasibility
3. Joint recommendations

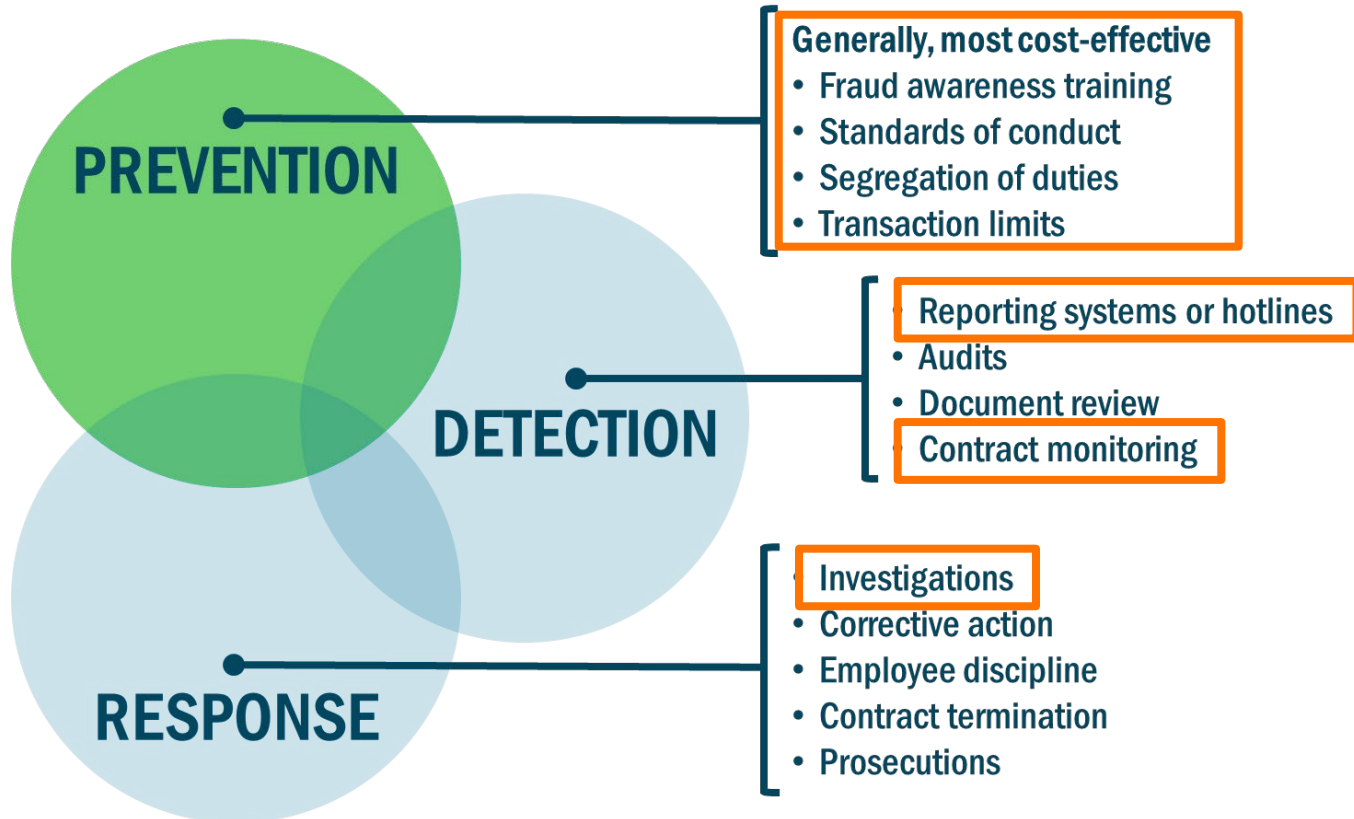
Good news

- There are quick, efficient ways to reduce risks
- Investments may be offset by reduced losses

Six gaps in fraud risk management

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

Act to prevent, detect, and respond



Source: Adapted from GAO, A Framework for Managing Fraud Risks in Federal Programs, July 2015, GAO-15-593SP

Hotlines detect and prevent fraud

- Tips are the most common detection method
Tips (43 percent) vs internal audit (14 percent)
- Hotlines increase tips
- Hotlines prevent fraud
- King County could receive 100-400 reports/year

Effective hotlines are easy to use

CENTRALIZED

- Have fewer entry points that are easy to find



ACCESSIBLE

- Offer different formats (e.g., online forms)
- Be open to the public, contractors, staff
- Publicize regularly

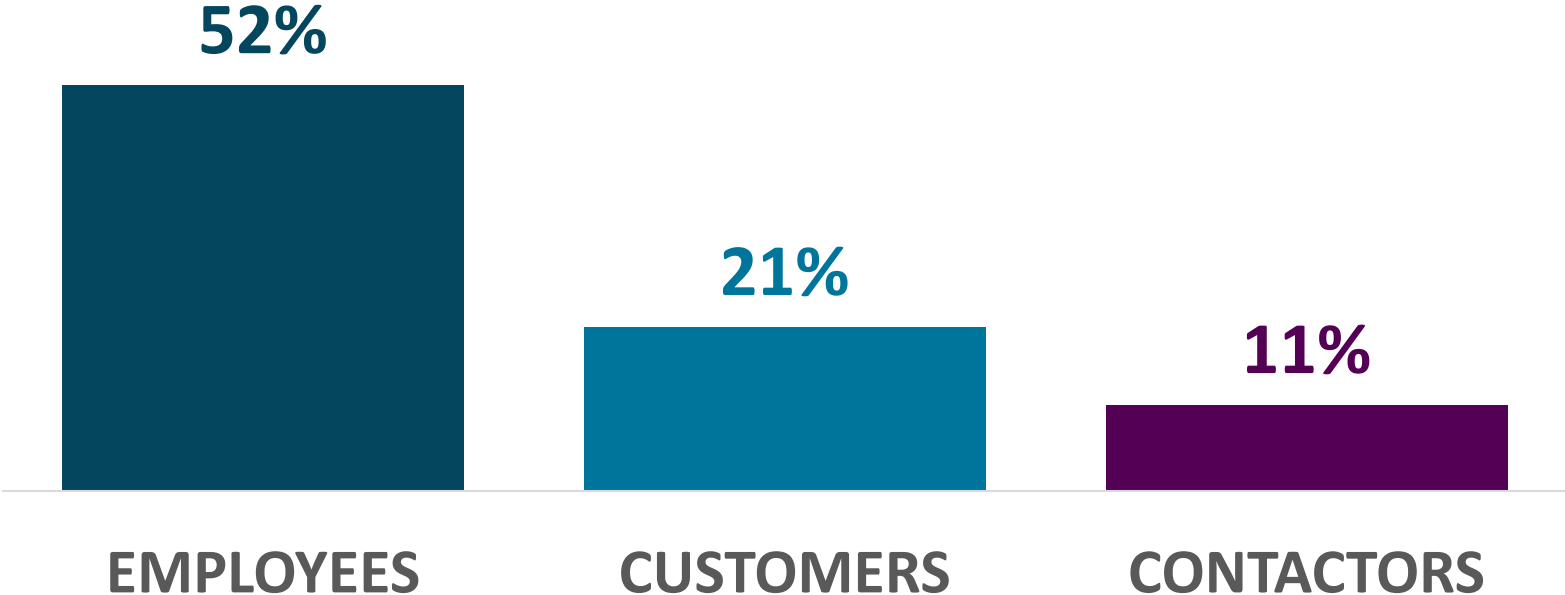


ANONYMOUS

- Allow reports from unnamed sources



Employees and third parties make reports



Association of Certified Fraud Examiners' *Occupational Fraud*
2024: A Report to the Nations

Fraud investigation capacity is lacking

- Various agencies have investigative authority
- No dedicated, trained fraud investigators
- Leading practice is for investigators to be independent and qualified

Gaps in independent contract monitoring

- County does not require inspection clauses in contracts
- No independent contract monitoring function
- Missing flexible oversight tool

Feasibility conclusions



Inspector
General
Positions



Independent
contract
monitoring



Qui tam

What is an Inspector General?



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



INSPECTION

PROFESSIONAL STANDARDS

- Quality Standards for Inspections and Evaluations, or
- GAGAS

CHARACTERISTICS

- 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



What is needed to complete IG-type coverage?

	AUDITOR	OMBUDS
Organizationally independent	✓	✓
Direct access to people, information	✓	✓
Subpoena power	with Council motion	with written complaint
Scope includes contractors	✓	under ethics code
Administer oaths for testimony	X	✓
Complaint reporting system	X	✓
Audit function	✓	X
General investigation function	X	✓
Fraud investigation function	X	X
Inspection function	informal	informal



Auditor and fraud investigation

- Duty to report potential fraud
- Access to all county-funded entities
- Expands scope with potential fraud
- Lacks fraud investigation authority in code

This led to delays in addressing issues identified during the DCHS audit.



Org Chart: Austin Auditor's Office



What is an inspection program?

- Narrow unit of analysis compared to audit
- Flexible processes and reporting



What is qui tam?

People who sue in name of the government and themselves

- US False Claims Act
 - Requests for payment based on false information
 - Get up to 30 percent of funds recovered
- Not recommended by PAO: liability and cost
- Engage and incentivize reporting



Joint recommendations

Create three new functions in the Auditor's Office:

1. Fraud Investigation
2. Hotline
3. Contract Inspection

Schedule a program review for 2030

Joint recommendation: Hotline and Fraud

AUDITOR'S OFFICE

STAFFING

Fraud investigators for hotline and investigation

2 FTE

Administrative support

1 FTE

OMBUDS OFFICE

STAFFING

Ombuds staff to respond to increased hotline reports

2 FTE

~\$880,000

Joint recommendation: Contract Monitoring

AUDITOR'S OFFICE

STAFFING

Inspectors for reviewing contracts

2 FTE

~\$375,000



Thank you!

Study is available online at
[KingCounty.gov/Auditor](https://www.kingcounty.gov/Auditor)

Reporting volumes of various agencies

AGENCY	FTE	VOLUME
King County		
Office of Risk Management Services	7 administrative and investigation	1,748
Ombuds	1 administrative	804
Peer Jurisdictions		
Austin City Auditor's Office (TX)	6 administrative and investigation	404
Miami-Dade County Office of Inspector General (FL)	4 analysts	431
Multnomah County Auditor (OR)	1 administrative and investigation	100

Other County investigative staff

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