

Dunn moved Striking Amendment S1.

Miranda Leskinen, Policy Staff, stated there was a correction on Line 5 of Striking Amendment S1, after "August", strike "25" and insert "26". There was no objection to the correction.

Voting on Striking Amendment S1 as amended, the motion carried.

S1

September 23, 2025

Striking Amendment

Sponsor: Dunn

[M.Leskinen]

Proposed No.: 2025-0266.1

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2025-0266, VERSION**

2 **1**

3 On page 1, beginning on line 5, strike everything through page 7, line 124, and insert:

4 "STATEMENT OF FACTS:

5 1. On August 25, 2025, the King County auditor's office produced an
6 audit report titled Department of Community and Human Services Needs
7 to Strengthen Financial Stewardship, outlining the department's contract
8 management practices for youth programs from 2022 to 2025.

9 2. The department has awarded more than \$1.8 billion in grant funding in
10 2023 and 2024 combined, up from \$922 million in 2019 and 2020.

11 3. Amid rapid growth in grant funding, the department of community and
12 human services took on greater financial risk as a strategy to reduce
13 contracting barriers among organizations with limited government
14 experience.

15 4. The auditor's office found that the department could do more to
16 manage its financial risk of these programs by applying internal controls
17 more consistently.

18 5. The audit report revealed gaps in several areas including enforcement
19 of contract terms, validation of invoices, and communication of
20 expectations to staff and grantees.

21 6. The report noted that the department runs its own procurement
22 processes to award those moneys, resulting in contracts known as
23 community grants. Unlike other contracts, community grants are outside
24 the scope of King County's central procurement group, limiting
25 independent oversight. In this environment, the department of community
26 and human services faces a higher risk of fraud, waste, and abuse as it
27 allocates public moneys.

28 7. Ten recommendations were mentioned in the county auditor's report
29 that highlight where improvements can be made and how they should be
30 addressed.

31 8. The King County council supports the department of community and
32 human services in its mission to provide equitable opportunities for
33 individuals to be healthy, happy, and connected to community. In
34 alignment with the mission, the council affirms a guiding principle:
35 restoring public trust and addressing the contracting crisis through
36 financial accountability, transparency, and the responsible use of public
37 moneys. The principle is essential to supporting nonprofit partners and the
38 communities they serve, while upholding rigorous standards of
39 accountability.

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

44 10. The council intends to make additional investments in the county's
45 auditing and oversight functions in the 2026-2027 biennial budget. The
46 council will explore whether these additional investments can be achieved
47 through reprioritization of existing budgetary resources.

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

54 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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

57 A.1. The department of community and human services is responsible to manage
58 and be fiscally accountable for the children, youth, and young adults division, the
59 behavioral health and recovery division, the developmental disabilities and early
60 childhood supports division, the adult services division, and the housing and community
61 development division.

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

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

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

80 d. Beginning July 1, 2026, the department shall require multiyear contract
81 agencies receiving more than fifty thousand dollars in county-administered moneys
82 during a single biennium to complete a financial management and best practices training
83 developed by the department. The training must be completed by December 31, 2026, or
84 within one hundred eighty calendar days of the effective date of any new contract entered

into by the department after July 1, 2026. This training requirement may be waived at the discretion of the department director, or designee, in any one or more of the following circumstances:

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

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

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

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

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

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

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

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

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

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

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

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

124 3. Selecting appropriate agencies for the provision of behavioral health services
125 and developing, implementing, and monitoring the provision and outcomes of contracted
126 services;

127 4. Being responsible for resource management of a comprehensive behavioral
128 health system including provision of staff support to appropriate advisory boards, and

129 serving as liaison to federal, state, and other governments and relevant organizations in
130 carrying out planning and allocation processes;

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

134 6. Developing and maintaining a continuum of appropriate treatment services
135 for eligible individuals.

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

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

142 2. Negotiating, implementing, and monitoring contracts with community
143 agencies for the provision of developmental disabilities and early childhood support
144 services.

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

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

- 152 2. Providing assistance to indigent veterans and their families as authorized by
153 chapter 73.08 RCW; and
- 154 3. Providing staff support for the women's advisory board as specified in K.C.C.
155 2.30.040 and for the veterans, seniors, and human services levy advisory board and its
156 committees consistent with state and county requirements.
- 157 F. The duties of the housing and community development division shall include
158 the following:
- 159 1. Managing programs that address housing and community development needs,
160 and helping implement improvements identified in subarea and neighborhood plans for
161 low-and-moderate income communities;
- 162 2. Administering the county's federal housing, homelessness, and community
163 development moneys and other housing, homelessness, and community development
164 moneys;
- 165 3. Developing housing, homelessness, and community development policies and
166 programs to implement the growth management policies throughout King County to
167 provide affordable housing to low-and moderate-income residents; and
- 168 4. Providing staff support for the renter's commission as specified in K.C.C.
169 chapter 2.150.

170 SECTION 2. The department of community and human services shall offer, no
171 later than March 31, 2026, to provide a briefing to the committee of the whole, or its
172 successor, to update the committee on the status of the department's contract management
173 and compliance monitoring activities, including, but not limited to, activities initiated
174 consequent to any recommendations from the King County auditor's office, as well as a

summary of previous recommendations from prior county audits that identified similar challenges with financial oversight of county-administered grants and a report of what has been learned and implemented from those recommendations, including why any recommended actions were not implemented.

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

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

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

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

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

- a. an evaluation of whether reforms can be achieved within existing resources;
- b. a recommended timeline and implementation plan;

198 c. an assessment of associated costs; and
199 d. identification of structural changes required to ensure lasting oversight
200 improvements; and
201 3. A report analyzing the feasibility of establishing an expanded public
202 dashboard that provides information on departmental contract outcomes to demonstrate
203 appropriate and effective use of contract award moneys. The report shall include, but not
204 be limited to:
205 a. a list of recommended departmental contract outcomes, such as exits to
206 housing, treatment completions, recidivism reductions, hospital emergency room and jail
207 touchpoints, to include in the expanded public dashboard;
208 b. a recommended timeline and implementation plan; and
209 c. an assessment of associated costs.
210 B. The executive shall electronically file the reports required by subsection A. of
211 this section with the clerk of the council, who shall retain an electronic copy and provide
212 an electronic copy to all councilmembers.
213 SECTION 4.A. By November 30, 2025, the department of community and
214 human services shall provide a status update letter to the council responding to the
215 auditors' recommendations and any available plans for implementation of improvements
216 to contract management and compliance monitoring activities.
217 B. The executive shall electronically file the letter with the clerk of the council,
218 who shall retain an electronic copy and provide an electronic copy to all councilmembers.
219 SECTION 5.A.1. The department of community and human services shall
220 provide an electronic notification letter to the council, which should also be made

available in any department dashboard reporting, on or before March 31 of each year, beginning in 2026, that includes, but is not limited to, the following information:

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

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

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

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

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

EFFECT prepared by M.Leskinen: Would make the changes to PO 2025-0266.1 that are outlined in the below list.

- Change the PREAMBLE to STATEMENTS OF FACT
 - Add a Statement of Fact that speaks to the Council's support for DCHS mission while affirming a guiding principle of restoring public trust and

244 addressing the contracting crisis through financial accountability,
245 transparency, and the responsible use of public moneys.

- 246 ○ Add a Statement of Fact that speaks to the Council’s intent to make additional
247 investments in the county's auditing and oversight functions in the 2026-2027
248 county biennial budget, and explore whether these additional investments can
249 be achieved through reprioritization of existing budgetary resources.
- 250 ○ Add a Statement of Fact that speaks to the Council’s acknowledgement that
251 additional opportunities exist to improve contracting practices across all
252 county agencies and that it will explore ways to effectively implement
253 improvements countywide, including implementing structural, organizational
254 improvements.
- 255 • Amend existing Section 1 (language amending the King County Code) to:
 - 256 ○ Direct that best practices regarding contract management and compliance
257 monitoring be utilized in tandem with engaging in supportive practices and
258 partnerships with the Department’s contract agencies.
 - 259 ○ Add a requirement for the Department to establish protocols and procedures
260 for monitoring multiyear contract agencies' time spent on contract compliance
261 activities and evaluating the effectiveness and efficiency of contract processes
262 and requirements.
 - 263 ○ Add a requirement for the Department to require multiyear contract agencies
264 (beginning with new contracts entered into after July 1, 2026) that receive
265 more than fifty thousand dollars in county-administered moneys during a

266 single biennium to complete a financial management and best practices
 267 training developed by the department, with limited exceptions.

- 268 ○ Clarify terminology where applicable by changing ‘contract agency’ to
 269 ‘multiyear contract agency’ with a provided definition.
- 270 • Amend existing Section 2 (noncodified) to require the Department to offer a
 271 follow-up briefing to the Council’s Committee of the Whole, or its successor, by
 272 March 31, 2026
- 273 ○ Identify that the briefing should include a summary of previous
 274 recommendations from prior county audits that identified similar challenges
 275 with financial oversight of county-administered grants and a report of what
 276 has been learned and implemented from those recommendations, including
 277 why any recommended actions were not implemented.
- 278 • Add a new Section 3 (noncodified) requiring the following reports to the Council
 279 by October 20, 2025:
- 280 ○ A report analyzing the feasibility of establishing a services provider capacity
 281 and fiscal partnership program that makes available to all department
 282 multiyear contract agencies ongoing technical assistance and capacity building
 283 services.
- 284 ○ A report detailing the feasibility of implementing the auditor's
 285 recommendations and proposed amendment concepts.
- 286 ○ A report analyzing the feasibility of establishing an expanded public
 287 dashboard that provides information on departmental contract outcomes to
 288 demonstrate appropriate and effective use of contract award moneys.

- 289 • Add a new Section 4 (noncodified) requiring the Department to provide (by
290 November 30, 2025) the Council with a written status report responding to the
291 auditors' office recommendations and any available plans for implementation of
292 improvements to contract management and compliance monitoring activities.
- 293 • Add a new Section 5 (noncodified) requiring annual reporting by the Department
294 to the Council, due annually by March 31 and beginning in 2026, with the
295 following information:
 - 296 ○ The percentage of its multiyear contract agencies that received an in-person
297 site visit from the department during the prior calendar year.
 - 298 ○ A status update on the department's contract management and compliance
299 monitoring activities.
 - 300 ○ A summary of data for the prior calendar year regarding monitoring of
301 contract agencies' time spent on contract compliance activities and evaluating
302 the effectiveness and efficiency of contract processes and requirements.
- 303 • Require the Department to notify the Council via an electronic notification letter
304 if the Department identifies credible evidence of contractor agency fraud, waste,
305 or abuse of county-administered moneys. The letter would be required to provide
306 a summary of any substantiated findings, and the letter would be due to the
307 Council within thirty calendar days of any such substantiated findings.
- 308 • Make various technical and typographical corrections