Corrective Action Plan

30-Day Report-Out

Reporting period: May 24-June 24, 2026
Date: 6/24/2026

To: Mayor Katie Wilson; Executive Girmay Zahilay;
Cc: KCRHA Governing Board
From: Dr. Kelly Kinnison, Chief Executive Officer
Re: Transmittal of KCRHA Corrective Action Plan 30-Day report-out

Attached is KCRHA's 30-Day Corrective Action Plan progress report through June 24, 2026. Work is underway across all 11 priority items, with several immediate controls and operating processes now documented and in use. The most significant outstanding work remains the historical receivables reconciliation and related administrative overspend validation, for which KCRHA has established a revised completion schedule. This report is intended to provide a transparent account of progress, outstanding risks, and next steps as KCRHA moves from initial implementation to documentation, validation, and independent review.

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Executive summary

This report covers the first 30 days of KCRHA's Corrective Action Plan, from May 24 to June 24, 2026. Across the 11 priority items committed for this window, foundational work is underway on all eleven.

Several rest on processes that are already in operation, including: rejected cost and invoice delay tracking with both funders, the monthly close checklist, the NetSuite chart of accounts, and recurring City/County/KCRHA coordination on reimbursement, advances, and receivables, while others are being formalized into documented schedules, inventories, and templates over the reporting cycle.

Two matters later identified in the June 8 funder letter had been addressed before or outside the May 22 CAP process and are documented in the appendices: documentation regarding the previously resolved $6.4M programmatic item, and the documentation of actions taken regarding the three governance directives identified in the June 8 letter covering the hiring freeze, the discretionary-spending freeze, and the pause on new cost or liability agreements.

The item requiring the most additional time is the reconciliation of the approximately $8M receivables finding, and the related administrative overspend validation that depends on it. The initial cash-based reviews of HUD Continuum of Care and Washington State Department of Commerce receivables have been completed. Reviews of City of Seattle and King County receivables have advanced substantially but remain in progress. Work to date indicates that adjusting entries will likely be required, with completion of the initial review anticipated within the next 30 days, and final transaction-level reconciliation expected to require additional time.

For clarity to all readers: where an item is described as materially responsive or as having an operating process in place, that reflects substantive progress, not a closed milestone. Closure is established through completion of the documented deliverable and, for items the funders designate as Implemented or Continuing, through independent verification on the schedule set in the June 8 joint letter. That schedule, and KCRHA's own 30/60/90-day reporting cadence, are set out below.

Reporting Structure and Cadence

KCRHA reports on its corrective action commitments across a 30-, 60-, and 90-day cadence, with each cycle building on the prior one. This 30-day update establishes the reporting structure and documents the status of foundational controls, tools, and supporting materials, including areas that remain in development or require further validation. The 90-day update will present the implementation status, validation results, unresolved risks, and next-phase recommendations. Quantitative before-and-after comparisons will be provided through the separate September 30 funder checkpoint. The schedule below reflects the CAP reporting milestones delivered to the Governing Board and funding partners. Between these milestones, the Finance Committee receives monthly updates, and an internal bi-weekly check-in maintains momentum on deliverables across the cycle.

Milestone	Due date	Purpose	Audience	Status
30-day update	June 24, 2026	Establish first implementation dashboard, initial schedules, inventories, and status reporting structure.	Finance Committee / Governing Board	Submitted
60-day update	July 22, 2026	Move from initial setup to recurring reporting, deeper validation, and funder coordination.	Finance Committee / Governing Board	In progress
Additional Funder Review – Joint letter, June 8	July 31, 2026	Respond to four immediate recommendations	DCHS and HSD	In progress
90-day update	August 21, 2026	Present priority recommendations, unresolved risks, validation results, and implementation path for next phase.	Finance Committee / Governing Board	Not started
Additional Funder Review – Joint letter, June 8	August 28, 2026	Provide proof that the three near term recommendations have been met	DCHS and HSD	Not started
Additional Funder Review – Joint letter, June 8	September 30, 2026	Provide proof that the three ongoing oversight conditions are in place	DCHS and HSD	Not started

Additional Funder Requirements and Review Milestones

Following submission of the CAP, the City of Seattle and King County issued a joint letter dated June 8, 2026, establishing additional documentation, verification, and reporting requirements at three funder review checkpoints: July 31, August 28, and September 30, 2026. These requirements supplement and, in some cases, refine the implementation milestones identified in the May 22 CAP. The letter also states that the City and County will partner to embed external financial support within KCRHA to assist with stabilization, implementation, and independent verification.

This report remains organized around KCRHA's original 30-, 60-, and 90-day CAP commitments and is intended to support preparation for the additional funder checkpoints. Where a CAP item corresponds to a requirement in the June 8 letter, the report identifies and tracks that relationship. Milestone-linked reporting with quantitative before-and-after comparisons is an ongoing oversight condition due September 30; accordingly, this initial 30-day report is primarily narrative and focused on implementation status, supporting documentation, outstanding risks, and next steps.

Matters addressed before or outside the May 22 CAP process:

Specific corrective action plan for the $6.4M programmatic overspend

KCRHA previously resolved this issue prior to issuing the May 22 CAP response.

KCRHA is supplying documentation of this, see Appendix A.

Written response on the three governance directives identified in the June 8 letter (hiring freeze, discretionary-spending freeze, pause on new cost/liability agreements)

KCRHA previously confirmed these items in direct communication with the Governing Board, GB Finance Committee, and in subsequent memos.

Additional funder requirements incorporated as new milestones:

Written description of an interim federal compliance framework

Engage independent verification of areas designated 'Implemented/Continuing'

Establish a CFO hire timeline with a specific target date

Additional funder requirements tracked through existing CAP milestones:

Evidence-based confirmation of the four May 8 high-risk responses.

Direct funder review of Phase 1 deliverables

Finance Committee reporting directly to funders on a defined schedule

Milestone-linked reporting with quantitative before-and-after comparisons

Treat external stabilization support as a prerequisite for Phase 2 & 3 milestones

How to Use this Document

This report documents KCRHA's 30-day response to the corrective action commitments arising from the external financial assessment. It is organized as eleven numbered items, each corresponding to a specific commitment. Each item represents a brief narrative describing the action taken and its status, followed, where applicable, by one or more supporting artifacts collected in the appendices.

The artifacts included here are representative examples, selected to evidence that the underlying work is in place and operating. They are not the complete record. KCRHA maintains a fuller set of supporting workbooks, system records, policies, and procedures behind each item; these are available for inspection and review on request. Where a single appendix is drawn from a larger document or workbook, only a representative page is reproduced, marked accordingly.

Certain items are supported by narrative alone. The absence of an appendix does not indicate the absence of underlying work, in several cases the relevant evidence resides in live systems (for example, NetSuite configuration) better demonstrated directly than reproduced in print or relates to commitments that are organizational and ongoing rather than artifact based.

Financial details have been intentionally summarized. Given the distribution of this report, granular financial workbooks and system exports are referenced rather than embedded; the complete materials are available through the channels noted above.

Each item is cross-referenced to its corresponding appendix. Appendices are lettered within their item (e.g., 5a, 5b, 5c) and presented in the order the narrative introduces them.

Status Terms Used in This Report

Status terms are grouped by stage. A status in the second group reflects work that is complete or moving and awaiting another party's action, not a delay.

Status	Definition
Progressing	
In Progress	Work is underway and no material delay has been identified. The committed deliverable is not yet complete.
In Operation	The process or control is currently being used, while documentation, testing, or validation continues.
Completed / Documented	Work is complete and supporting documentation has been retained.
Awaiting External Input	
Pending Validation	Work has been completed internally but requires funder, accounting, legal, external, or governance validation.

Dependent on Funder Coordination	Progress depends on funder-side information, review, decision or coordination.
Dependent on External Support	Progress depends on approval or availability of external stabilization support or specialized capacity.
Needs Attention	
Not Started	Work has not yet begun.
Delayed / Revised Schedule	The original milestone was not completed within the planned window, and a revised completion schedule is provided.
At Risk	A significant barrier exists and escalation is required.

30-, 60-, 90-day Priority Items

KCRHA committed in the CAP to initial 30-, 60, 90-day priorities across 11 items (CAP p.9, Appendix B). Each is reported below. Finance deliverable completion is tracked in the finance CAP tracker; this report bridges what Finance marks closed to what each milestone requires.

Item 1 — Dashboard template finalized

Commitment (CAP p.9)	Formalizing the CAP implementation dashboard and reporting cadence
Window	30-day
30-day status	In Progress
Evidence / artifact	Appendix B
Owner	ADS / ICBO
Narrative update	KCRHA created an internal dashboard to capture and track the observations and corrective actions identified through the forensic evaluation. The dashboard is being updated to connect each corrective action directly to the original CAP commitment, the June 8 funder requirements, the applicable evidence package, and the responsible owner. The dashboard serves as KCRHA's centralized project management and accountability tool and includes findings, corrective actions, assigned owners, implementation milestones, target dates, status tracking, risk identification, dependencies, and documentation requirements. The dashboard is intended to provide leadership with visibility into corrective action progress and support implementation efforts across the organization.

	KCRHA has also established a centralized document repository to collect and maintain supporting documentation and evidence associated with each corrective action. This repository is being used to demonstrate implementation of corrective actions and supports independent verification of completed work. KCRHA has begun work on all observations identified in the evaluation. Several corrective actions have advanced substantially and are pending completion or compilation of supporting evidence. Other corrective actions remain in progress and are advancing in accordance with established implementation timelines. As part of KCRHA's commitment to transparency and independent verification, the CAP dashboard, supporting documentation repository, and evidence packages will be made available to the embedded financial support resource and/or external support team engaged to assist KCRHA with implementation review, validation, and monitoring activities.

Item 2 — ~$8M receivables – initial categorization

Commitment (CAP p.9)	Completing initial categorization of the receivables associated with the approximately $8M finding
Window	30-day (June 8 letter target July 31)
30-day status	In Progress / Revised Schedule
Evidence / artifact	No Appendix
Owner	Controller / ICBO
Narrative update	KCRHA is conducting an initial cash-based review of outstanding accounts receivable associated with HUD Continuum of Care, Washington State Department of Commerce, King County, and City of Seattle funding. This work is intended to establish a high-level view of cash received, amounts billed, and balances that remain unresolved while more detailed transaction-level and general-ledger reconciliation is completed. The cash-based review remains in progress. As of this 30-day report:

	HUD Continuum of Care and Washington State Department of Commerce receivables have been completed through the initial cash-based review. The City of Seattle and King County reviews have advanced substantially but are not yet complete. Work completed to date indicates that several adjusting entries will likely be required to correct historical balance variances. The final amount and composition of those adjustments have not yet been determined. This reconciliation requires review of receivable activity, payments, funder records, and historical general-ledger transactions from 2025 and prior periods. Accounting staff are reviewing transactions by individual funding source to confirm that the general ledger accurately reflects receivable-generating activity and subsequent payments. Approval to fill essential accounting vacancies was delayed during the reporting period, leaving the accounting team under-resourced while it continued to meet required operational responsibilities, including payroll, accounts payable, billing, and financial reporting. This capacity constraint affected the amount of staff time available for historical reconciliation work. KCRHA currently anticipates completing the initial cash-based reconciliation within the next 30 days. Final transaction-level reconciliation, validation of adjusting entries, and correction of the general ledger are expected to require up to an additional 30 days. This schedule will be monitored closely and may need to be revised if further historical-record issues are identified. For the next reporting period, KCRHA expects to provide: updated balances by major funder; identification and status of required adjusting entries; a clear distinction among confirmed receivables, timing differences, balances requiring correction or additional support, and items requiring further funder review or resolution; and an updated completion schedule for final ledger correction and validation.

Item 3 — KCIP / cash-flow reconciliation schedule

Commitment (CAP p.9)	Developing or refining a KCIP/cash-flow reconciliation schedule
Window	30-day

30-day status	In progress
Evidence / artifact	No appendix
Owner	ICBO
Narrative update	KCRHA has continued to refine its cash flow monitoring and reconciliation processes to improve visibility into cash activities, receivables, funding advances, and reimbursement timing. This work includes monthly cash flow report updates and more timely invoice submission. KCRHA has developed cash flow projections that evaluate multiple scenarios for reducing the negative cash position as well as track funding advances, reimbursement activity, and offsets applied against advance balance. The current schedule incorporates the KCIP position, anticipated funder reimbursements, outstanding receivables, fund advances, projected provider and administrative disbursements, and alternative scenarios for reducing the negative cash position. The next step is to formalize the schedule during the next reporting period as a recurring management report with defined assumptions, owners, update cadence, and reconciliation to the general ledger.

Item 4 — Fund advance inventory and roll-forward template

Commitment (CAP p.9)	Completing a fund advance inventory and roll-forward template
Window	30-day
30-day status	Delayed / revised schedule
Evidence / artifact	Appendix C
Owner	Accountant / ICBO
Narrative update	KCRHA has established processes to track funding advances received from funders and a separate process for tracking advances from the City of Seattle and the subsequent application of invoices against those advances. Advance balances, invoice activities, and offsets are tracked within NetSuite, the monthly cash flow projection report, and supported by invoice tracking and reconciliations. To strengthen monitoring and transparency, KCRHA established a separate KCIP subfund dedicated to track the City of Seattle advance. Upon receipt, advance funds are

	transferred from the primary fund into the designated advance subfund. All advance related transactions, including provider billings and reimbursement offsets, are recorded to the subfund according to the remittance advice. As part of KCRHA's effort to maintain records of advances received, invoices submitted, payments applied against advance balances, NetSuite payment records include reference to invoices applied against specific advances, providing a transaction-level trail and supporting documentation of advance activity. The underlying transaction-level tracking processes are in place; however, the consolidated advance inventory and standardized roll-forward template were not completed within the initial 30-day window. KCRHA expects to complete the consolidated inventory and standardized roll-forward template during the next reporting period.

Item 5 — Rejected-cost and invoice-delay tracking

Commitment (CAP p.9)	Formalizing a rejected-cost and invoice-delay tracking mechanism
Window	30-day
30-day status	In operation / formalization in progress
Evidence / artifact	Appendix D, E
Owner	Controller / ICBO
Narrative update	Over the past several years, Finance staff have worked closely with both King County and the City of Seattle to improve invoice quality, reduce billing errors, and resolve questions or corrections in a timely manner. For King County-funded programs, KCRHA maintains a shared invoice tracking tool that documents invoice submissions, invoice status, reimbursement activity, and any identified issues requiring correction or follow-up. Finance staff meet regularly with King County to review invoice status and address outstanding items. As invoice quality and supporting documentation have improved, these meetings have generally become shorter. In addition, KCRHA has worked with King County to establish a tagging system to identify short payments to help track and monitor reimbursements.

	KCRHA has also maintained regular coordination with the City of Seattle to review invoice questions, address documentation requests, and resolve any billing corrections. Historically, these meetings occurred weekly, then transitioned to bi-weekly and monthly meetings as billing processes matured. Today, meetings are generally conducted on an as-needed basis, with most questions and corrections resolved through ongoing communication between KCRHA and City staff. Invoice corrections, reimbursement adjustments, and related billing activity are documented within NetSuite and were previously tracked through Smartsheet-based processes before being incorporated into KCRHA's financial systems and operational workflows. Operating processes are in place with both funders, but they are not yet consolidated into the single formalized tracking mechanism contemplated by the CAP.

Item 6 — Administrative overspend exposure and budget forecast

Commitment (CAP p.9)	Validating remaining administrative overspend exposure and updating an administrative budget forecast
Window	30-day
30-day status	In progress
Evidence / artifact	No Appendix
Owner	ICBO
Narrative update	KCRHA is evaluating both the remaining historical administrative overspend exposure and KCRHA's forward-looking administrative budget position. The historical exposure review is separate from the current 2026 administrative forecast, although both depend on accurate general-ledger information. The final quantification of historical administrative overspend is partially dependent on the accounts receivable and cash-based reconciliation described in Item 2. That work is necessary to determine whether all historical revenue, expenditures, allocations, and adjusting entries are accurately reflected in the general ledger. Until that reconciliation is complete, the

	remaining administrative overspend exposure cannot be stated conclusively. Work completed to date has established the previously identified administrative overspend as the starting point for this review. KCRHA is now validating the amount that remains recorded on its books, identifying any adjustments that may be required, and distinguishing historical exposure from current-year administrative spending. Although the historical validation remains in progress, KCRHA has completed substantial forward-looking budget work. KCRHA has developed an updated 2026 administrative forecast and previously shared its projected administrative funding needs with the City of Seattle and King County. KCRHA also implemented staffing reductions and other expenditure adjustments in preparation for the 2026 budget year. The current forecast is being updated to reflect actual 2026 expenditures, approved staffing levels, hiring constraints, contractual commitments, and anticipated administrative revenue. This work will identify any projected year-end variance and the actions required to maintain administrative spending within available resources. KCRHA has also developed an initial 2027 administrative funding projection. Because KCRHA's future scope and operating structure remain under review, the 2027 projection is being treated as a planning scenario rather than a final budget. It is intended to show the level of administrative staffing and funding required under the anticipated future operating model and to support discussions with the Governing Board and funders. During the next reporting period, KCRHA expects to continue refining the historical exposure estimate and forward-looking forecast, including updated budget-to-actual information, identification of potential year-end variance, documentation of previously implemented expenditure reductions, and further development of the 2027 planning scenario.

Item 7 — Immediate control enhancements (reimbursements, gift cards, P-cards, segregation of duties)

Commitment (CAP p.9)	Confirming immediate control enhancements related to reimbursements, gift cards, P-cards, and segregation of duties
Window	30-day

30-day status	In operation, with ongoing validation
Evidence / artifact	Appendix F, G, H, I
Owner	ICBO
Narrative update	KCRHA has implemented immediate control enhancements related to employee reimbursements, payment cards, gift cards and other cash equivalents, and segregation of financial duties. These actions were initiated before completion of the Corrective Action Plan and were communicated to staff and cardholders beginning April 28, 2026. The immediate measures were intended to reduce financial risk while KCRHA completed the broader review and codification of its internal control framework. The controls implemented include: strengthened review and preapproval requirements for employee reimbursements; enhanced documentation, authorization, custody, distribution, and reconciliation requirements for gift cards and other cash equivalents; review of payment-card users and cardholder authority, including deactivation or restriction of cards where continued access was not required; clearer requirements for receipts, business purpose, supervisory review, and timely reconciliation of card transactions; strengthened separation of transaction initiation, approval, payment processing, reconciliation, and general-ledger review responsibilities; and review of finance-system permissions and approval workflows to reduce incompatible access and reinforce maker-checker controls. KCRHA has provided the Payment Card, Gift Card, and Cash Equivalent Controls Policy as supporting documentation for this item. The policy formalizes the requirements governing payment-card use, gift cards and other cash equivalents, documentation, approvals, custody, reconciliation, and oversight. Additional supporting materials include the April 28 communications to all staff and cardholders, implementation instructions, cardholder and access-review records, and internal training and Shared Consciousness materials describing the immediate actions.

	The immediate controls are in effect. KCRHA is now focused on confirming consistent application, maintaining supporting documentation, and incorporating these changes into the broader internal control framework. This includes periodic review of cardholder access, transaction testing, reconciliation records, exception follow-up, and validation that segregation-of-duties requirements are operating as intended. Supporting evidence regarding segregation-of-duties and system-access changes is being compiled for subsequent validation. During the next reporting period, KCRHA will continue strengthening the documentation and validation supporting this work. Areas of focus are expected to include staff and cardholder communications, payment-card access, reimbursement and cash-equivalent procedures, segregation of duties, system permissions, and management review of control implementation.

Item 8 — Monthly close checklist and reporting package

Commitment (CAP p.9)	Updating the monthly close checklist and financial reporting package
Window	30-day
30-day status	In operation / enhancement in progress
Evidence / artifact	Appendix J
Owner	Controller / ICBO
Narrative update	KCRHA has provided its monthly close checklist, which is currently used as part of the Finance team's recurring close process. The checklist identifies core close activities, responsible staff, sequencing, and completion status. During this reporting period, KCRHA began reviewing the checklist to clarify ownership, strengthen supervisory review, and align the close process with the recurring financial reporting package contemplated by the CAP. The next phase will focus on confirming consistent use, documenting completion and review, and defining the standard monthly reporting package for leadership, the Finance Committee, and funders.

Item 9 — NetSuite / chart-of-accounts / cost-center assessment

Commitment (CAP p.9)	Initiating a NetSuite / chart-of-accounts / cost-center reporting assessment
Window	30-day
30-day status	In progress
Evidence / artifact	Appendix K
Owner	ICBO
Narrative update	KCRHA has initiated a review of its NetSuite configuration, chart of accounts, and cost-center reporting structure. NetSuite has been KCRHA's primary financial management system since 2022. The current chart of accounts was established to support financial reporting, State Auditor requirements, grant and contract accounting, and the differing reporting needs of multiple public funders. The system is operational and supports core accounting functions, including general-ledger activity, fund and program tracking, accounts payable, accounts receivable, and financial reporting. The purpose of the current assessment is not to determine whether NetSuite should remain in use, but to evaluate whether the existing configuration provides sufficient consistency, transparency, and reporting capability for KCRHA's current operating environment. The initial review is focused on: whether the chart of accounts adequately distinguishes administrative, programmatic, restricted, and funder-specific activity; whether cost centers and related dimensions are consistently applied across departments, programs, and funding sources; whether current coding supports reliable budget-to-actual, grant, contract, and management reporting; whether historical system changes or manual processes have created inconsistencies that should be corrected; whether reporting can be simplified or standardized for the Finance Committee, Governing Board, funders, and external reviewers; and whether additional controls, documentation, or user permissions are needed to improve data integrity and reduce reliance on manual reconciliation. KCRHA continues to optimize NetSuite while this assessment is underway. Existing system reports, account structures, cost-center configurations, and user access information are available for review.

	During the next reporting period, KCRHA expects to continue documenting the current configuration, identifying priority reporting or coding issues, and developing recommendations and a phased improvement schedule.

Item 10 — External stabilization support – scope and decision pathway

Commitment (CAP p.9)	Developing the proposed scope and decision pathway for external stabilization support
Window	30-day
30-day status	In progress
Evidence / artifact	Appendix L, M
Owner	ICBO / Controller / HR
Narrative update	KCRHA is engaging with the City of Seattle and King County regarding the external financial stabilization support. The June 8 joint letter states that the funders intend to partner in embedding an external financial consultant within KCRHA. KCRHA views this support as an important component of the next phase of CAP implementation and validation.

Item 11 — Structured work sessions held

Commitment (CAP p.9)	Beginning structured City/County/KCRHA work sessions on reimbursement, advances, receivables, and cash-flow model issues
Window	30-day
30-day status	In Progress
Evidence / artifact	No Appendix
Owner	ADS / ICBO
Narrative update	KCRHA, City, and County finance and program staff have maintained recurring operational meetings on invoicing, reimbursements, advances, and receivables. During the CAP period, those existing meetings are being supplemented with a more structured executive and governance-level workstream focused on the broader cash-flow model, KCIP balance, advance structure, unresolved receivables, and funder operating protocols.

	This workstream is intended to produce documented decisions, assigned actions, and escalation pathways related to the cash-flow model, advances, reimbursement timing, and unresolved receivables.

Appendix A

Additional Funder Requirements: Letter regarding KCRHA contract HS0DA25-05212 Notice of Contract Non-Compliance

Seattle
Human Services

April 29, 2026

Kelly Kinnison
Chief Executive Officer
King County Regional Homelessness Authority
400 Yesler Way, Ste 600
Seattle, WA 98004

RE: KCRHA Contract HS0DA25-05212 Notice of Contract Non-Compliance

Dear CEO Kinnison:

Thank you for your response to HSD's Notice of Contract Non-Compliance, received via email on March 12, 2026. This letter serves to confirm and restate HSD's response, which was sent on March 23, 2026.

Regarding the Budget Change Request submitted on March 12, HSD understands that KCRHA seeks to reallocate $8,024,976 from its **Day Center** budget to **Shelter** (+$7,258,345), **PSH** (+$132,607) and **TH** (+$634,024) to ensure that its approved budget amounts accurately reflect the programs being administered. On April 8th, KCRHA also affirmed the list of current programs associated with the request. With this understanding, HSD approves this Budget Change Request.

Regarding HSD's non-compliance letter, KCRHA notes that its interpretation of the HSD/KCRHA Master Services Agreement (MSA) terms may differ from HSD's. While the MSA is now amended to fully codify the budget change request process, it is important to stress that this is not a matter of interpretation.

The MSA establishes the City's total funding authorization. This authority derives from the annual City budget process, and funds specific programming as adopted by the Mayor and Council. Since the initial MSA, HSD has administered a monthly invoice form with KCRHA as identified in Exhibit H that explicitly identifies the maximum funding allocated to each program area. These are not discretionary targets and KCRHA may not exceed them without prior approval as stipulated under the MSA.

Thank you again for your partnership and discussing the resolution of this matter further.

Sincerely,

Chris Klaeysen
HSD Homelessness Division Director

700 Fifth Avenue, Suite 5800 | PO Box 34215 | Seattle, WA 98124-4215 | 206-386-1001 | seattle.gov/humanservices

Appendix B

Item 1: Finance CAP Status Dashboard.

CAP Status Dashboard

Overall Status				
Ready to be Closed	In Progress	Pending	Not Started	Total
37	30	1	0	68
54.4%	44.1%	1.5%	0.0%	100.0%

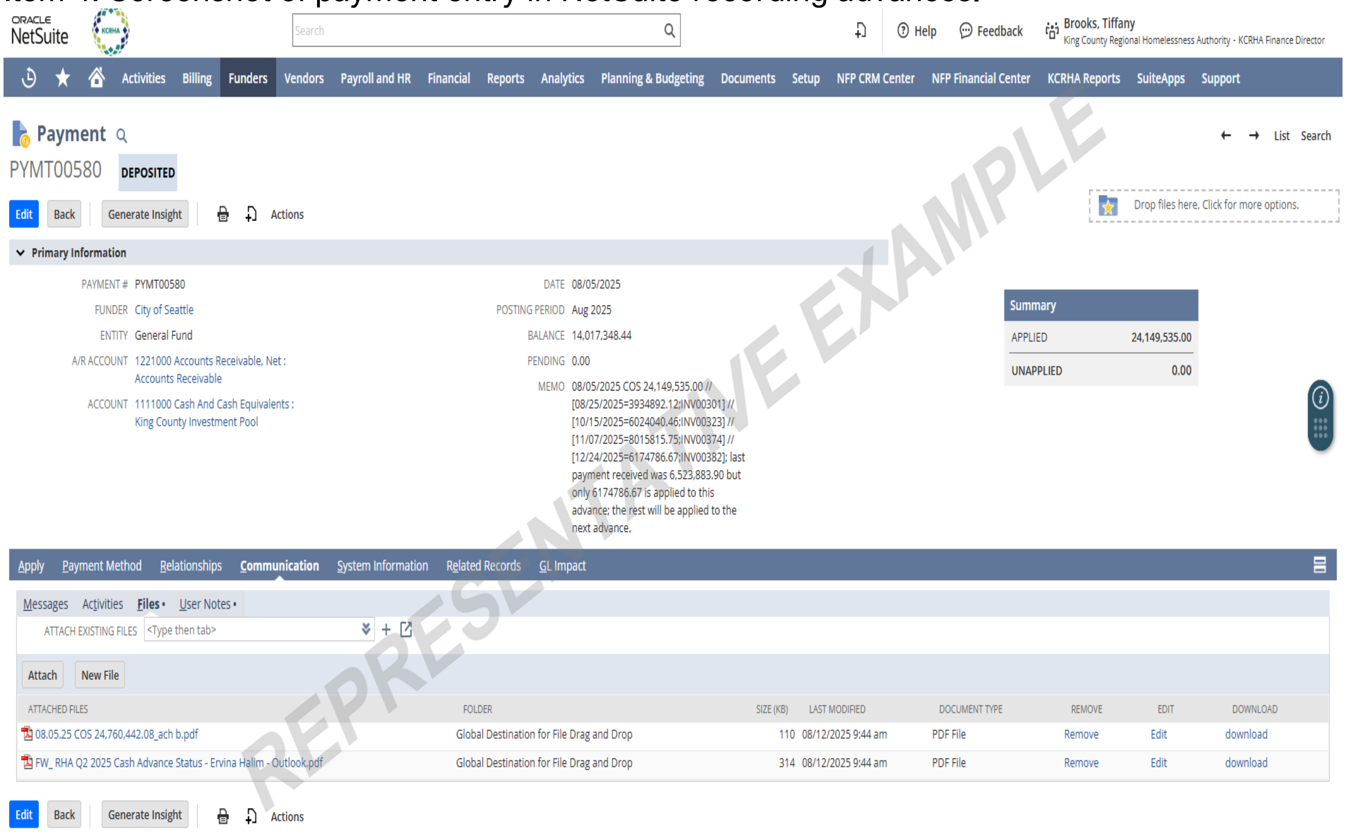
Status by Section					
Section	Ready to be Closed	In Progress	Pending	Not Started	Total
1. Negative Cash Position	2	7	0	0	9
2. Cash Management Process	5	3	0	0	8
3. Cash Advances	5	0	0	0	5
4. Contributed Funds	4	3	0	0	7
5. Accounting Infrastructure	9	11	0	0	20
6. Reimbursements & Cash-Equivalents	5	1	0	0	6
7. Governance & Policies	3	4	0	0	7
Cross-Cutting	0	1	1	0	2
Funder Recommendations	4	0	0	0	4

Risk Level Distribution		
Risk Level	# Observations	% of Total
High	45	66.2%
Medium	22	32.4%
Low	1	1.5%

May 8 High-Risk Items (Funder Demand)	
High-Risk Observations (May 8)	**13**
High-Risk Ready to be Closed	6
High-Risk In Progress	7
High-Risk Pending	0
High-Risk Not Started	0

Appendix C

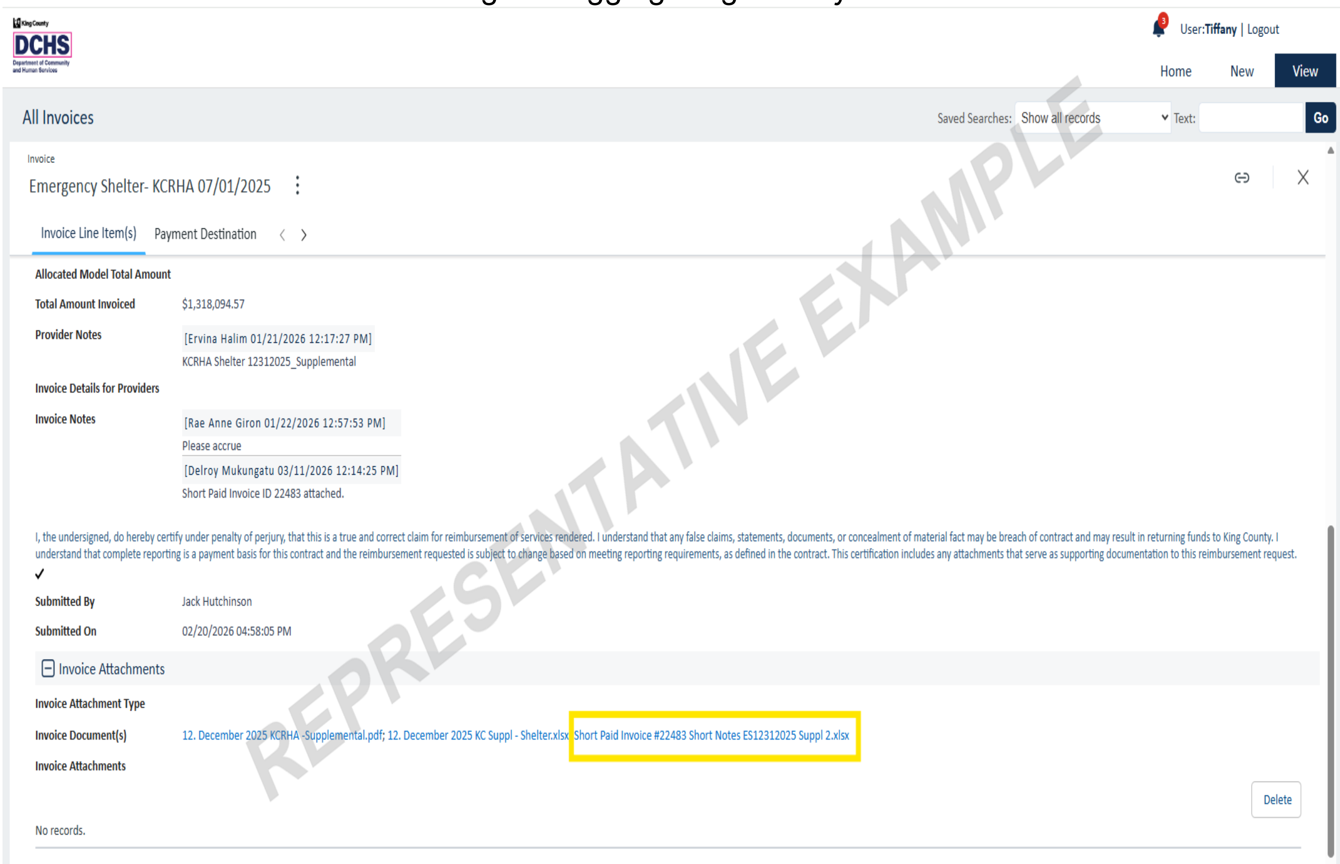
Item 4: Screenshot of payment entry in NetSuite recording advances.



City of Seattle 2025 Q2 Advance Pymt_NS files

Appendix D

Item 5a: Screenshot demonstrating the tagging King County conducts.



Appendix E

Item 5b: Excel invoice tracker.

Non HUD

Sum of Amount	Months (Date)						
Grant	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Grand Total**
City of Seattle - General Fund : GF-COS-23	(0.00)	(0.00)	(0.00)	402,218.23	0.00	0.00	402,218.23
City of Seattle - General Fund : GF-COS-24	6,111,459.03	5,510,730.81	2,574,622.05	9,386,179.79	1,059,112.76	5,105,908.07	29,748,012.51
Coronvavirus State and Local Fiscal Recovery Fund : CLFR-COS-22	106,760.28	167,508.94	252,810.98	95,749.01	263,794.58	230,852.08	1,117,475.87
OH Housing Levy : HL-COS-24	98,207.47	84,416.16	78,965.47	213,614.11		119,811.89	595,015.10
Payroll Tax : JS-COS-22	0.00						0.00
Short Term Rental Tax : STRT-COS-23	0.00						0.00
Short Term Rental Tax : STRT-COS-24	154,866.41	163,355.66	195,895.07	76,838.10	42,726.22	207,349.67	841,031.13
Grand Total	**6,471,293.19**	**5,926,011.57**	**3,102,293.57**	**10,174,599.24**	**1,365,633.56**	**5,663,921.71**	**32,703,752.84**
Billed City	6,453,099.48	5,926,011.57	3,120,487.28	10,174,599.24	1,365,633.56	5,663,921.71	32,703,752.84
Date Submitted	5/29/2024 - upda	6/27/2024- quest	7/11/2024 -updat	7/11/2024 -correc	7/22/2024	7/26/2024	
Approved?	Yes	Yes	Yes	Yes	Yes	Yes	
Date Approved		6/27/2024	7/11/2024	7/11/2024	7/26/2024	7/29/2024	
Date Paid	6/14/2024	7/15/2024					

HUD

Sum of Amount	Months (Date)						
Grant	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Grand Total**
Community Development Block Grant - CARES : CDBG-CV-COS-23	111,328.84	103,548.35	186,078.19	0.00	146,198.45		547,153.83
Community Development Block Grant : CDBG-COS-24				618,211.78		198,971.42	817,183.20
Emergency Solutions Grant Program - CARES : ESG-CV-COS-22	0.00		0.00	0.00	0.00	0.00	0.00
Emergency Solutions Grant Program : ESG-COS-24	205,584.26	24,849.45	114,833.66	177,151.65		46,564.40	568,983.42
Grand Total	**316,913.10**	**128,397.80**	**300,911.85**	**795,363.43**	**146,198.45**	**245,535.82**	**1,933,320.45**
Billed City	160,328.84	103,548.35	186,078.19	0.00	146,198.45	0.00	596,153.83
	7/2/2024	7/3/2024	7/3/2024	7/22/2024, updat	7/22/2024	7/26/2024	
Approved?	Pending	Pending	Pending	Pending	Pending	Pending	

12.2023 DM23-5212 Final C	**20,512,521.92**
Final C Details:	**INVOICE AMOUNT**
General Fund	19,635,461.43
2023 CDBG	0.00
2023 ESG	70,468.47
2022 ESG	0.00
ESG - CRS	0.00
CDBG -CRS	0.00
CLFR-Coronavirus Local Fiscal Recovery Fund	93,697.39
Short-term Rental Tax	483,453.70
Housing Levy Prevention	238,546.46
Housing Levy Rapid Rehousing	-9,105.53
Grand Total	**20,512,521.92**

Appendix F

Item 7a: Payment Card, Gift Card & Cash Equivalent Controls Policy

KCRHA
King County Regional Homelessness Authority

Policy Approval Cover Sheet

Policy Title: Payment Card, Gift Card & Cash Equivalent Controls Policy

Policy ID / Number: CG - 19[1]

Policy Owner / Department: Finance Department

Associated Policy Document (title only):

- KCRHA Fiscal and Accounting Policy
- KCRHA Procurement Policy
- KCRHA Code of Ethics and Conflict of Interest Policy

Document Control & Version History: ____

Version Number: V.1

Status (Draft / Final): Final

Original Effective Date: N/A

Current Revision Date: N/A

Supersedes: N/A

EXECUTIVE APPROVAL:

Approved By (CEO): Kelly Kinnison, PhD

Signature: Signed by: 9EE1B2C20DA74A7...

Date: 6/24/2026

[1] CG – Corporate Governance policies define the framework for oversight, decision-making, accountability, and ethical management of the organization.

This document serves as an approval cover sheet only. The underlying policy document remains separate and is incorporated by reference. Records may be subject to public disclosure pursuant to applicable law.

King County Regional Homelessness Authority

19. Purchase Card, Gift Card & Cash-Equivalent Controls Policy

Internal Control and Operational Policies

Publish Date: May 17, 2026

PURPOSE

This Payment Cards, Gift Cards & Cash-Equivalent Policy ("Policy") establishes the requirements governing the purchase, distribution, use, and oversight of payment cards (including purchasing cards ("P-Cards")), gift cards, and other cash-equivalent instruments (collectively, "Payment Instruments"), including applicable documentation, reconciliation, and recordkeeping standards.

This Policy is intended to ensure that Payment Instruments are used by the King County Regional Homelessness Authority ("KCRHA" or "Authority") in a consistent, efficient, secure, and fiscally responsible manner, in accordance with 2 CFR Part 200, the GAO Standards for Internal Control in the Federal Government (Green Book), the COSO Internal Control–Integrated Framework, Generally Accepted Accounting Principles (GAAP), and Governmental Accounting Standards Board (GASB) standards.

These requirements are designed to provide reasonable assurance that Payment Instruments are safeguarded against loss, misuse, fraud, and misappropriation, and that transactions are executed in accordance with applicable laws, regulations, grant requirements, and internal control standards.

SCOPE

This Policy applies to all KCRHA employees who are responsible for the administration, oversight, or use of Payment Instruments in support of KCRHA's business operations. This Policy does not replace or override existing KCRHA financial policies and procedures, including, but not limited to, finance, accounting, procurement, and recordkeeping policies and procedures, and shall be interpreted in conjunction with all such related policies and procedures.

This Policy is not intended to address general cash handling, payroll, or reimbursement activities that are governed by separate KCRHA policies and procedures, unless such activities involve the use of Payment Instruments as defined herein.

DEFINITIONS

"Administrator" means the department, unit, or individual designated by KCRHA to oversee the administration, monitoring, reconciliation, and compliance of Payment Instruments.

"Authorized Business Purpose" means a purchase or transaction that is necessary, reasonable, allowable, and directly related to KCRHA's official business operations, programs, or administrative functions, and compliant with applicable laws, regulations, grant requirements, and KCRHA policies.

"Cash-Equivalents" means highly liquid instruments that are readily convertible to cash or can function as cash substitutes, including but not limited to Gift Cards, prepaid cards, vouchers, electronic stored-value instruments, or similar mechanisms.

"Cardholder" means a KCRHA employee or agent authorized to receive and use a Payment Card in accordance with this Policy and all related KCRHA financial policies and procedures.

"Custodian" means an employee designated as responsible for the receipt, safeguarding, inventory, issuance, tracking, and reconciliation of Gift Cards or other Cash-Equivalent instruments.

"Gift Cards" means any prepaid card, voucher, or stored-value instrument that represents a fixed monetary value and may be exchanged for goods or services.

"Payment Card" means any Authority-issued credit card, purchasing card ("P-Card"), debit card, virtual card, or similar payment card mechanism used to make authorized purchases or payments on behalf of KCRHA.

"Payment Instruments," collectively, refers to Payment Cards, Gift Cards, and other Cash Equivalent instruments issued, purchased, administered, or used by KCRHA for authorized business purposes.

"Purchase Card (P-Card)" is a type of Payment Card issued by or on behalf of KCRHA to approved employees for the purchase of eligible goods and services in accordance with established spending limits, merchant restrictions, and approval requirements.

POLICY

KCRHA Payment Instruments shall solely be used for the purpose of conducting or carrying out Authorized Business Purposes on behalf of KCRHA as defined in this Policy. Payment Instruments may not be used for personal purposes, cash advances, or any transaction that is not expressly permitted under this Policy or related KCRHA financial policies and procedures.

Where Payment Instruments are used in connection with federal or other restricted funding, the most restrictive applicable requirement shall govern, including any federal cost allowability, documentation, or oversight standards.

Payment Instruments may only be issued to authorized KCRHA Cardholders or designated Custodians in accordance with the eligibility, approval, training, and acknowledgment requirements established in this Policy. All users of Payment Instruments are responsible for complying with applicable spending limits, use restrictions, documentation requirements, and internal control standards.

I. Purchase Cards (P-Cards)

Purchase Cards may be issued to authorized Cardholders for the procurement of eligible goods and services required for KCRHA operations. P-Cards shall be used only for the allowable purchases, approved spending limits, merchant category restrictions, approval thresholds, and reconciliation requirements specified below.

P-Cards may not be used to circumvent KCRHA procurement requirements, contract or contract exception approval processes, or segregation-of-duties controls, nor may they be used for split transactions intended to avoid spending limits or approval requirements.

A. Authorized Cardholders. P-Cards may be issued only to authorized KCRHA employees whose job duties require the use of a Payment Card to efficiently carry out Authorized Business Purposes. Authorization to serve as a Cardholder shall be subject to documented supervisory approval and any additional approval requirements established by KCRHA.

Authorized Cardholders must:

1. Complete any required training prior to issuance of a P-Card;
2. Acknowledge in writing their understanding of, and agreement to comply with, this Policy and all related KCRHA financial policies and procedures using the Appendix A - P-Card User Agreement.
3. Use P-Cards only for Authorized Business Purposes and within established spending limits;
4. Safeguard P-Cards and associated account information at all times; and
5. Promptly report lost, stolen, or compromised P-Cards in accordance with KCRHA procedures.
6. Authorization to act as a Cardholder may be revoked at any time for misuse, noncompliance, or changes in job duties.

B. Authorized Expenses. Payment Instruments, including P-Cards may be used only for expenses that constitute an Authorized Business Purpose and are reasonable, necessary, and allowable under applicable laws, grant requirements, and KCRHA policies. All expenses must be supported by appropriate documentation and shall be subject to review, reconciliation, and compliance monitoring.

Authorized expense categories include, but are not limited to, the following:

1. Recurring KCRHA Business Operations Purchases (Non-Program Related). Subject to the limitations specified in Section I.C of this Policy, P-Cards may be used to obtain goods or services that support recurring KCRHA business-operations needs when traditional payment methods, such as checks or purchase orders (POs), are not supported by the vendor or are operationally impracticable. Examples of recurring business-operations purchases may include, but are not limited to:

    a. Software-as-a-Service (SaaS) and cloud-based subscriptions, including financial systems, human-resources platforms, procurement or grant-management systems, cybersecurity monitoring tools, data analytics platforms, and collaboration or productivity software;

    b. Technology and information-services subscriptions, such as domain registration, website hosting, licensed application programming interfaces (APIs), identity-management tools, or automated compliance services;

    c. Facilities and administrative services billed on a recurring basis through vendor portals, including alarm monitoring, fire-suppression system monitoring, security services, or access-control systems;

    d. Professional or administrative services with recurring billing arrangements that do not support purchase orders, such as licensing renewals, background-check services, or electronic payment processing fees.

    Recurring business-operations purchases must comply with the following requirements:

    a. Centralized Management. All KCRHA business operations systems—including software, technology, information services, and administrative services—shall be approved, procured, and managed at the enterprise level by the KCRHA Business Operations Division.

       Recurring KCFRHA business operations purchase payments shall be assigned to a centralized "department card" or equivalent account to support continuity of service, administrative oversight, and to reduce the risk of service interruption due to staff turnover or reassignment. Under no circumstances shall recurring business operations purchases be made using individual employee P-Cards.

    b. Virtual Cards. KCRHA shall, where practicable, use a dedicated virtual card number assigned solely to a specific recurring vendor to reduce fraud risk and limit exposure in the event of a vendor system or data security breach.

    c. Documentation and Billing Controls. Vendor billing portals shall be configured, where feasible, to automatically transmit invoices or payment confirmations to KCRHA's designated central accounts payable or finance inbox to ensure proper documentation and retention.

    d. Reconciliation. Monthly statements and transaction activity associated with recurring payments shall be reviewed, reconciled, and certified in accordance with KCRHA internal policies, the Interlocal Agreement (ILA), and applicable state law. Reconciliations must be completed in a timely manner and retained in accordance with recordkeeping requirements.

    e. Internal Control and Segregation of Duties. At no time shall the individual responsible for reconciling recurring payment transactions also be the individual who initiated the purchase, approved the expenditure, or was issued the P-Card or virtual card, except where documented compensating controls are approved and implemented due to staffing or operational constraints.

2. Emergency KCRHA Business-Operations Purchases (Non-Program Related). Subject to the limitations specified in Section I.C of this Policy, P-Cards may be used to obtain goods or services necessary to address urgent or emergency KCRHA business operations needs when standard procurement or payment processes are not practicable due to immediate time constraints. This provision applies to emergencies affecting administrative, facilities, technology, safety, or continuity-of-operations functions, and does not apply to routine operational or convenience purchases.

Use of a P-Card for emergency business operations purchases must be limited to the duration and scope of the emergency. Where a P-Card is required to initiate an emergency purchase as an immediate first response, all subsequent purchases must, whenever practicable, be conducted in accordance with KCRHA's Procurement Policies and Procedures, including any required approvals or competitive processes. Examples of emergency business-operations purchases may include, but are not limited to:

a. Emergency information-technology or cybersecurity services required to restore systems or prevent data loss;

b. Temporary equipment, supplies, or services required to address facility damage, power outages, or environmental hazards;

c. Emergency repairs or services necessary to ensure staff safety or maintain essential administrative operations;

d. Time-sensitive acquisition of goods or services required to support continuity of operations during an unexpected disruption.

Use of P-Cards for emergency business operations purchases must also be:

a. Documented with a written description explaining the emergency nature of the expense and why standard procurement methods were not practicable at the time of purchase;

b. Supported by itemized receipts that provide sufficient detail to substantiate the goods or services purchased; and

c. Reviewed promptly after purchase to confirm allowability, appropriateness, and compliance with this Policy and related KCRHA requirements.

3. Emergency Program-Related Purchases. Subject to the limitations specified in Section I.C of this Policy, P-Cards may be used to obtain goods or services needed to address urgent or emergency programmatic needs, including situations involving health, safety, or continuity of services, when standard procurement or payment processes are not practicable due to time constraints.

Use of a P-Card for emergency purchases must be limited to the duration and scope of the emergency. Where a P-Card is required to initiate an emergency purchase as an immediate first response, all subsequent purchases must, whenever practicable, be conducted in accordance with KCRHA's Procurement Policies and Procedures.

Further, use of P-Cards for emergency purchases must also be:

a. Documented with a description of the emergency nature of the expense; and

b. Supported by itemized receipts that provide sufficient detail to substantiate the goods or services purchased; and

c. Reviewed promptly after purchase to ensure allowability and appropriateness.

4. Travel Expenses. Subject to the limitations specified in Section I.C of this Policy, P-Cards may be used for approved business travel expenses consistent with KCRHA's Expense Reimbursement Policy.

    a. Allowable travel expenses may include pre-lodging, transportation, and other pre-approved travel-related costs that are necessary to conduct authorized KCRHA business. P-Cards may not be used for personal travel expenses or travel costs.

    b. When P-Cards are used for travel-related expenses charged to federally funded programs, such use shall comply with 2 CFR Part 200 Subpart E (Cost Principles) and any applicable fund-specific restrictions.

5. Meeting Expenses and Employee Recognition. P-Cards may be used for reasonable and necessary meeting-related expenses incurred in connection with authorized KCRHA business activities, including official meetings (including employee food costs related to official meetings), trainings, conferences, or events, and employee recognition-related purchases, provided that:

    a. All such expenses must comply with applicable KCRHA policies governing allowability, reasonableness, documentation, and funding source restrictions, and may be subject to additional pre-approval requirements based on the nature or dollar amount of the expense.

    b. Employee recognition-related purchases are consistent with KCRHA's Code of Ethics and Conflicts of Interest Policy, are supported by a documented business purpose, and comply with all applicable spending limits and approval requirements established by KCRHA.

C. Spending Pre-Approvals Requirements. All P-Card transactions are subject to spending limits and pre-approval requirements specified in the chart below. All required pre-approvals must be obtained prior to the purchase using the **KCRHA HALO Ticketing System**.

Authorized Expense	Spending Threshold	Required Pre-Approval
Recurring Business Operations Purchases	Up to $3,500	Departmental Chief[1]
Emergency Business Operations Purchases	Up to $3,500	Departmental Chief
	$3,501 and above	Office of the CEO
Emergency Program Related Purchases	All expenses	Office of the CEO
Travel Expenses	All expenses	Departmental Chief
Meeting Expenses	All expenses	Departmental Chief
Employee Recognition	All Expenses	Immediate Manager

[1] Approving manager is responsible for reviewing and reconciling all invoices and payment confirmations to verify that all charges align with approved costs.

Failure to obtain required pre-approval before purchase may result in denial of the expense, required reimbursement to KCRHA by the Cardholder, and corrective action in accordance with this Policy and related procedures.

II. Gift Cards

KCRHA may purchase, hold, issue, and distribute Gift Cards solely for the purpose of conducting or carrying out Authorized Business Purposes on behalf of KCRHA. Authorized uses may include, but are not limited to, Point-in-Time (PIT) Count interview participant incentives, employee recognition, Lived Experience compensation, and volunteer incentives, when such use is appropriate and compliant with applicable KCRHA policies.

Gift Cards may not be issued for personal purposes, cash advances, loans, or any transaction that is not expressly permitted under this Policy or related KCRHA financial, procurement, ethics, and recordkeeping policies and procedures.

Gift Cards constitute Cash-Equivalent instruments and shall be subject to strict compliance with the Control Measures specified in this Policy.

A. Control Measures.

The following controls are established to mitigate the heightened fraud and misappropriation risk associated with Gift Cards as Cash-Equivalent instruments.

1. **Purchases.** Gift Cards may only be purchased with documented prior approval and a clearly defined Authorized Business Purpose. Purchases must comply with applicable procurement, spending, and funding-source requirements, and the quantity and dollar value purchased must be reasonable and limited to anticipated need.
2. **Storage and Security.** All Gift Cards must be stored securely in a designated location with restricted access. Physical and electronic safeguards must be implemented to prevent unauthorized access, theft, or substitution. Access to stored Gift Cards shall be limited to designated Authorized Custodians.
3. **Authorized Custodians.** Gift Cards must be assigned to one or more Authorized Custodians responsible for safeguarding inventory, tracking issuance, maintaining records, and performing required reconciliations.
    a. Duties related to the purchase, custody, distribution, and reconciliation of Gift Cards shall be segregated among different individuals to reduce the risk of error, loss, or misuse.
    b. Where full segregation is not practicable due to staffing or operational constraints, compensating controls shall be implemented and documented.
4. **Tracking, Recording, and Recordkeeping.** KCRHA shall maintain accurate and complete records documenting the receipt, inventory, issuance, and disposition of all Gift Cards. Including, at a minimum:
    a. purchase information, unique identifiers or denominations,
    b. dates of issuance, purpose, recipient acknowledgment where applicable,
    c. remaining balances.

    All Gift Card activity shall be reconciled quarterly and retained in accordance with KCRHA's Records Retention Policy.

IMPLEMENTATION AND ENFORCEMENT

The Chief Business Officer (CBO) of the Authority is authorized to implement and enforce the provisions of this Policy. This authority includes, but is not limited to, designating one or more individuals to administer and carry out the requirements of this Policy; developing and maintaining standard operating procedures to assess compliance and address violations; enforcing policy requirements; conducting periodic reviews and audits; reporting findings to executive leadership; overseeing corrective actions related to identified findings; providing training and guidance; and taking any other actions reasonably necessary to ensure compliance with this Policy.

POLICY REVIEW AND UPDATES

This Policy shall be reviewed periodically, but no less than every two (2) years, and more frequently as necessary due to changes in law, regulation, accounting standards, grant requirements, risk assessments, audit findings, or KCRHA operations.

The Chief Business Officer (CBO), in coordination with the Risk Management Officer (RMO) or their designees, shall oversee the review of this Policy to ensure continued alignment with internal control, risk management, and governance requirements.

Updates subject to Board approval shall be advanced through established governance processes. Administrative updates may be implemented as authorized, provided such changes are documented and communicated in a timely manner.

TRAINING AND CERTIFICATION

The Human Resources Department, in coordination with the Chief Business Officer (CBO) and the Risk Management Department, shall be responsible for ensuring that KCRHA staff with responsibilities related to Payment Instruments are appropriately trained on this Policy. At a minimum, training shall be incorporated into the new employee onboarding as required by applicable job duties. Further,

1. Initial training and written acknowledgment shall be completed before the issuance of a P-Card or assignment of custodial responsibilities.
2. Annual refresher training shall be conducted for all authorized Cardholders, Custodians, and Administrators; and
3. Additional training will be provided as necessary in response to policy updates, audit findings, or identified compliance issues.
4. Completion of required training and certification will be documented through signed acknowledgment forms and other training records as maintained in accordance with KCRHA recordkeeping requirements.

INTERNAL COMPLIANCE AUDITS

The Risk Management Department, in coordination with the Finance Department, shall conduct, at a minimum, bi-annual internal compliance audits and reviews to assess adherence to this Policy and related procedures. Internal compliance audits may include, but are not limited to:

1. Review of P-Card transactions, approvals, and reconciliations;
2. Evaluation of Gift Card and Cash-Equivalent custody, tracking, and chain-of-custody controls;
3. Testing of documentation, record retention, and segregation-of-duties controls; and
4. Identification of trends, control weaknesses, or instances of noncompliance.

Audit results shall be documented and communicated in a timely manner to the appropriate management, including the CEO or Governing Board Committee, as applicable, and shall be subject to timely corrective action, which may include additional training, procedural changes, enhanced controls, or disciplinary action, as appropriate.

SUPERSESSION

This Policy supersedes any previously adopted KCRHA policies pertaining to Purchasing Cards (P-Cards), Gift Cards, and Cash-Equivalent controls. Nothing in this Policy shall be construed to limit or override other KCRHA policies, procedures, or standard operating practices related to procurement, accounting, reconciliation, internal controls, or recordkeeping, which shall continue to apply and be observed in conjunction with this Policy.

RELATED POLICIES:

- KCRHA Fiscal and Accounting Policy and Procedures
- KCRHA Procurement Policy
- KCRHA Code of Ethics and Conflict of Interest Policy

OTHER REFERENCE DOCUMENTS OR SYSTEMS:

- **KCRHA HALO Ticketing System**
- Appendix A. Purchasing Card (P Card) User Agreement
- Appendix B. Gift Card Chain of Custody Standard Operating Procedures (SOP) and Tracking Form
- Appendix C. Gift Card Chain of Custody Tracking Form

APPENDIX A

King County Regional Homelessness Authority
Purchasing Card (P-Card) User Agreement

Effective Date: ___________
Cardholder Name: _______________________________
Department: ______________________________
Card Number (Last 4 Digits): ____ ____ ____ ____
Card Limit: $_____________

Purpose. The King County Regional Homelessness Authority ("KCRHA") Purchasing Card ("P-Card") is a corporate payment instrument issued to authorized employees for the efficient purchase of approved goods and services in support of KCRHA business operations. Use of the P-Card is a privilege, not a right, and is subject to strict compliance with all applicable KCRHA policies and procedures.

Cardholder Responsibilities. As a P-Card holder, I acknowledge and agree to the following responsibilities:

1. Authorized Use Only – The P-Card may be used solely for Authorized Business Purposes on behalf of KCRHA. Personal use is strictly prohibited.
2. Compliance with Policies – I will comply with all applicable KCRHA procurement, financial, ethics, and P-Card policies, procedures, and approval requirements.
3. Spending Limits and Restrictions – I will adhere to assigned credit limits, transaction thresholds, and merchant category restrictions.
4. Receipt Retention and Documentation – I will obtain itemized receipts for all transactions and maintain documentation sufficient to support the business purpose and allowability of each purchase.
5. Timely Transaction Recording – I will record each transaction promptly using the designated Smartsheet system and include complete and accurate purchase details.
6. Supporting Documentation Upload – I will upload all required supporting documentation, including receipts, approvals, and related records, in accordance with KCRHA procedures.
7. Reconciliation and Timely Submission – I will review, reconcile, and submit all transactions in accordance with established deadlines and reconciliation requirements.
8. Security and Safeguarding – I will safeguard the P-Card and associated account information at all times to prevent loss, theft, or misuse.
9. Lost or Stolen Card Reporting – I will immediately report any lost, stolen, or compromised P-Card to the issuing bank and promptly notify my supervisor.
10. Prohibited Transactions – I understand that unauthorized, improper, or fraudulent use of the P-Card may result in revocation of privileges, disciplinary action, and potential termination of employment.
11. Return of Card – Upon separation, reassignment, or upon request by KCRHA, I will return the P-Card and ensure all outstanding transactions are fully reconciled.
12. Liability for Misuse – I understand that I may be held personally responsible for unauthorized transactions and may be required to reimburse KCRHA, as permitted by law and policy.

Acknowledgment and Agreement
I acknowledge receipt of the KCRHA Purchasing Card and understand my responsibilities as a Cardholder. I agree to comply with all policies and procedures governing P-Card use and understand that failure to do so may result in revocation of privileges and disciplinary action.

Cardholder Signature: ______________________________
Date: ____
Supervisor Approval: ______________________________
Date: ____

APPENDIX B

GIFT CARD CHAIN OF CUSTODY
STANDARD OPERATING PROCEDURES (SOP)

This Standard Operating Procedure (SOP) establishes the chain-of-custody requirements and operational controls governing the receipt, safeguarding, transfer, distribution, reconciliation, and disposition of Gift Cards issued or administered by the King County Regional Homelessness Authority ("KCRHA"). These requirements are intended to ensure continuous accountability for Gift Cards, which constitute Cash-Equivalent instruments.

A. Custodial Accountability.

1. Gift Cards shall be assigned to one or more **Authorized Custodians**, who are responsible for maintaining custody and control of Gift Cards from receipt through final distribution or depletion. At no point shall custody, responsibility, or accountability for Gift Cards be undefined.

2. Authorized Custodians are responsible for ensuring that Gift Cards are safeguarded, tracked, and always accounted for in accordance with this Policy and applicable KCRHA procedures.

B. Transfers of Custody. Any transfer of Gift Card custody—including transfers between Authorized Custodians, departments, locations, or events—must be documented contemporaneously using the Chain of Custody Form attached hereto and hereby incorporated by reference. Documentation must identify, at a minimum:

1. The outgoing and incoming custodian(s);
2. The date of transfer;
3. The quantity and total dollar value of Gift Cards transferred; and
4. Acknowledgment by both parties of the transfer of responsibility.

C. Distribution and Recipient Acknowledgment

1. Gift Card distribution must be conducted in a controlled manner and documented at the time of issuance. Documentation must reflect the Authorized Business Purpose of the distribution and the quantity and value of Gift Cards issued.

2. Where practicable and appropriate, recipients shall acknowledge receipt through written, electronic, or programmatic documentation sufficient to establish accountability.

D. Transport and Handling. Gift Cards shall always remain under the control of an Authorized Custodian during transport. When Gift Cards are transported between locations or events, the Authorized Custodian must ensure that:

1. Gift Card quantities are inventoried before transport.
2. Gift Cards are safeguarded during transport; and
3. Gift Cards are reconciled promptly upon arrival or distribution.

E. Reconciliation and Exception Handling

1. Authorized Custodians shall perform periodic reconciliations comparing Gift Card inventory records to physical counts and issuance logs. Any discrepancies, shortages, or unexplained variances must be promptly investigated, documented, and reported in accordance with KCRHA procedures.

2. Unresolved discrepancies shall be escalated to appropriate administrative or compliance personnel for review and corrective action.

F. **Record Retention.** All records related to Gift Card custody, transfers, distribution, reconciliation, and exception management shall be retained in accordance with KCRHA's Records Retention Policy and applicable legal requirements.

APPENDIX C

Gift Card Chain of Custody Tracking Form

Form Purpose: This form documents the receipt, custody, transfer, distribution, and reconciliation of Gift Cards in accordance with the Payment Cards, Gift Cards & Cash-Equivalent Policy and Appendix C – Chain of Custody Process for Gift Cards.

Section A – Gift Card Identification

Program / Event Name: ____

Vendor / Issuer: ____

Gift Card Type: ☐ Physical ☐ Electronic ☐ Prepaid

Denomination(s): $___________

Total Quantity: ___________

Total Dollar Value: $______________________

Unique Identifier(s) / Batch # (if applicable):

Section B – Initial Receipt & Custody

Date Received: _________________________

Received By (Authorized Custodian): ______________________________

Title / Department: ______________________________

Storage Location: ____

☐ Quantity and value verified upon receipt

☐ Gift Cards secured in restricted-access storage

Custodian Signature: ______________________________

Date: ______________________________

Section C – Transfer of Custody (Complete for Each Transfer)

Date	From Custodian	To Custodian	Quantity	Value ($)	Location / Event	Signatures (Both Parties)

(Add additional rows as needed.)

Section D – Distribution / Issuance Record

Date Issued	Quantity	Value ($)	Purpose / Program Use	Recipient Acknowledgment (Y/N)	Initials

☐ Recipient acknowledgments retained where practicable
☐ Distribution limited to Authorized Business Purpose

Section E – Transport (If Applicable)

From Location: ____________________

To Location/Event: ____________________

Date(s) of Transport: ____________________
☐ Inventory verified prior to transport
☐ Safeguarded during transport
☐ Inventory reconciled upon arrival or distribution

Custodian Initials: ____________

Section F – Reconciliation & Close-Out

Reconciliation Date: ____________________

Beginning Inventory (Qty / $): ____________________

Distributed (Qty / $): ____________________

Ending Inventory (Qty / $): ____________________
☐ Physical count matches records
☐ Variances identified and documented (if any)

Explanation of Variances (if applicable):

Reconciled By (Authorized Custodian): ____________________
Signature: ____________________ **Date:** ____________________

Section G – Exception / Escalation (If Required)
☐ No exceptions identified
☐ Exception identified and escalated per policy

Describe Issue & Resolution:

Reviewed By: ____________________ **Date:** ____________________

Appendix G

Item 7b: All staff presentation covering immediate Corrective Action Plan (CAP) actions taken.

Evaluation Updates: Immediate Actions Taken

Received the City & County joint cover letter and forensic evaluation from Clark Nuber in late April 22

Governance & Oversight

- Finance Committee established
- Oversight meetings underway between County, City, and KCRHA
- Implemented an immediate hiring and discretionary spending freeze

Internal Controls

- Five of seven P-Cards deactivated
- Enhanced approval requirements implemented
- Employee reimbursement pre-approval process implemented
- Gift card controls strengthened
- Segregation of duties review underway
- NetSuite permissions review is being completed

KCRHA

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Evaluation Updates: Immediate Actions Taken

Financial Management

- Accounts receivable reconciliation work underway
- Administrative spending review underway
- Cash management and KCIP analysis underway
- Enhanced budget monitoring implemented

Policies & Procedures

- Purchase Card, Gift Card & Cash Equivalent Controls Policy updated
- Additional policy and SOP updates underway
- Documentation and approval requirements strengthened

Timeline of Key Events

- May 8 response submitted to the City & County
- Corrective Action Plan (CAP) submitted May 22
- Received City & County's joint cover letter and Clark Nuber's assessment of CAP June 8

KCRHA

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Evaluation Updates: What to Expect

What staff can expect from the Finance Team

- External Financial Staff
- Finalizing CAP dashboard
- Continued policy and procedure updates
- Training and documentation requirements
- Ongoing communication from leadership as key milestones are met (see Kelly & William's emails to all staff)
- Opportunities to support implementation efforts
- Our work continues and the CAP remains our implementation roadmap
- Our focus is on continuous improvement, execution, and accountability

We will remain focused on supporting providers and our community

Appendix H

Item 7c: April 28, 2026 P-card cardholder email.

Outlook

P-Card Update

From Tiffany Brooks <tiffany.brooks@kcrha.org>
Date Tue 2026-04-28 1:39 PM
To Taj Wallace <taj.wallace@kcrha.org>; Derek Montes <derek.montes@kcrha.org>; Renée Aikens <renee.aikens@kcrha.org>; Lisa Edge <lisa.edge@kcrha.org>; Alex Pfiffner <alex.pfiffner@kcrha.org>; Kelly Kinnison <kelly.kinnison@kcrha.org>
Cc Jack Hutchinson <jack.hutchinson@kcrha.org>; William Towey <william.towey@kcrha.org>; Lisa Edge <lisa.edge@kcrha.org>; Jeff Simms <jeff.simms@kcrha.org>; Irwin Batara <irwin.batara@kcrha.org>

Hi Team,

We are implementing updated controls related to procurement and purchasing practices across the organization.

As part of this process, all p-cards will be temporarily deactivated and will be reissued, on an as needed basis, following the rollout of the updated policy and SOP, which includes strengthened requirements for prior approval on purchases. These updates are designed to ensure alignment with audit expectations, reinforce internal controls, and support consistent, compliant financial practices across KCRHA.

Additional details on the updated policy, approval workflow, reissuance, and training timeline will be shared shortly.

To ensure continuity of KCRHA operating needs Derek's and my card will remain active. All purchase requests should be submitted with supporting documentation through the HALO ticketing system under Equipment and Supplies Request and are subject to approval from Kelly and the GB Finance Committee.

If you have any immediate questions, please don't hesitate to reach out.

Thank you for your understanding in strengthening our financial processes.

Tiffany Brooks | **She / Her**
Interim Chief Business Officer
King County Regional Homelessness Authority
Email: tiffany.brooks@kcrha.org
Mobile: 206-635-0092
Twitter | Facebook | LinkedIn | Instagram

The KCRHA Grants and Finance team hosts weekly Open Office Hours to offer technical assistance to providers on Thursdays from 3:00pm to 4:00pm. The Open Office Hours are designed to provide support for items such as invoicing, contracts, comprehensive monitoring and more. The link for the weekly meeting is listed below:

Join ZoomGov Meeting

If this is an emergency management issue that requires immediate attention, ***please call 206-930-8846.***

Email communications with KCRHA employees are public records and may be subject to disclosure.

For regularly updated information about severe weather shelters in Seattle and across King County, click here.

For access to community services, please call 211

Appendix I

Item 7d: P-card All Staff email.

Outlook

All-Staff Update: Purchasing and Reimbursement Approval Process (Effective Today)

From Tiffany Brooks <tiffany.brooks@kcrha.org>
Date Tue 2026-04-28 2:22 PM
To King County Regional Homelessness Authority <KingCountyRegionalHomelessnessAuthority@kcrha.org>
Cc Kelly Kinnison <kelly.kinnison@kcrha.org>; William Towey <william.towey@kcrha.org>; Lisa Edge <lisa.edge@kcrha.org>; Jack Hutchinson <jack.hutchinson@kcrha.org>; Yingying Chen <yingying.chen@kcrha.org>

KCRHA - Internal Use Only

Hi Team,

Effective today, we are implementing updated purchasing and reimbursement controls to ensure appropriate pre-approval and alignment with audit and internal control requirements.

P-Cards

- Effective today, 5 of our 7 p-cards have been deactivated.
- As a result, all purchasing requests must be submitted to your Department Head for review and processing.

Purchase Requests

- All staff must submit purchase requests to their Department Head.
- Department Heads are responsible for submitting all approved purchase requests through the HALO ticketing system for review and approval.

Employee Reimbursement Pre-Approval

- To ensure all discretionary spending is pre-approved, *all costs subject to employee reimbursement must receive pre-approval*.
- At this time, pre-approval requests should be submitted via email to your Department Head, who will route the request to Kelly Kinnison for approval, and copy Tiffany Brooks and Yingying Chen for awareness.
- Once approved by Kelly, you may proceed with the expense.

Reimbursement Submission Process

- Reimbursement requests must be submitted to your Department Head and the Budget team (Tiffany Brooks and Yingying Chen) for review.
- Approved requests will then be submitted to Payroll for processing.
- All reimbursement requests must include a copy of the pre-approval from Kelly.

We are actively updating HALO to streamline the reimbursement process and will share the updated policy and SOP towards the end of May.

Thank you for your cooperation as we strengthen our financial processes across the organization.

Tiffany Brooks | She / Her
Interim Chief Business Officer
King County Regional Homelessness Authority
Email: tiffany.brooks@kcrha.org
Mobile: 206-635-0092
Twitter | Facebook | LinkedIn | Instagram

The KCRHA Grants and Finance team hosts weekly Open Office Hours to offer technical assistance to providers on Thursdays from 3:00pm to 4:00pm. The Open Office Hours are designed to provide support for items such as invoicing, contracts, comprehensive monitoring and more. The link for the weekly meeting is listed below:

Join ZoomGov Meeting

If this is an emergency management issue that requires immediate attention, ***please call 206-930-8846.***

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For access to community services, please call 211

Appendix J

Item 8: KCRHA Finance team's monthly close checklist.

KCRHA_Acct_Monthly_Close

KCRHA
King County Regional Homelessness Authority

	Task Name	Jun 21						
		S	M	T	W	T	F	S
1	**Monthly Close Tasks**							
2	Assets							
3	Apply Cash to O/S Funder Invoices, including A/R aging							
4	Bank Reconciliation							
5	Prepaid Items							
6	Tangible Capital Items							
7	Intangible Capital Items							
8	Liabilities							
9	Unearned Revenue Reconciliation							
10	Accrued A/P reconciliation							
11	Revenues							
12	Accrual revenues based on provider expense accruals							
13	Bill funders							
14	City							
15	County							
16	Feds							
17	etc.							
18	Expenses							
19	Close A/P in NetSuite							
20	payroll JEs, including allocations of admin costs							
21	Provider Expense Accruals							
22	Professional services Fees accruals							
23	License fees accruals							

Exported on June 22, 2026 3:39:28 PM PDT

Page 1 of 2

	Task Name	Jun 21						
		S	M	T	W	T	F	S
24	P-Card Entry							
25	Recurring entries (e.g., amortiztions)							
26	Month-End Reports							
27	Balance Sheet							
28	PNL							
29	Budget to Actual							
30	Provider expenses at the sub-object level							
31	Other Tasks							
32	Program Monitoring							

Appendix K

Item 9: Chart of accounts from NetSuite.

System Implementation
Chart of Account

Account	Type	Hierarchy	Account Name	Description	FS Line Item Mapping
1000000	Asset	Primary	Assets		
1110000	Asset	Primary	Cash And Cash Equivalents		
1111000	Asset	Sub	Cash and Investment Pool		
1113000	Asset	Sub	US Bank Payroll Account		
1114000	Asset	Sub	Petty Cash		
1115000	Asset	Primary	Cash with Fiscal Agents/Trustees		
1180000	Asset	Primary	Investments		
1220000	Asset	Primary	Accounts Receivable, Net		
1221000	Asset	Sub	Accounts Receivable		
1227000	Asset	Sub	Unbilled Receivable		
1229000	Asset	Sub	Allowance For Uncollectibles		
1240000	Asset	Primary	Interest Receivables		
1260000	Asset	Primary	Other Receivables		
1261000	Asset	Sub	Other Current Receivables		
1269000	Asset	Sub	Other Allow For Uncollectibles		
1340000	Asset	Primary	Due From Other Govts		
1341000	Asset	Sub	Due From Other Govts		
1342000	Asset	Sub	Due from Other Gov'ts-Unbilled		
1343000	Asset	Sub	Due from Other Govts-Grants		
1410000	Asset	Primary	Inventories		
1430000	Asset	Primary	Prepayments		
1431000	Asset	Sub	Prepaid Expenses		
1432000	Asset	Sub	Deposits/Refundable		
1439000	Asset	Sub	Prepaid Expenses-Other		
1450000	Asset	Primary	Other Current Assets		
1510000	Asset	Primary	Restricted Current Assets		
1511000	Asset	Sub	Restricted Cash		
1710000	Asset	Primary	Land		
1720000	Asset	Primary	Building And Structures		
1721000	Asset	Sub	Buildings		
1729000	Asset	Sub	Buildings-Allow For Depr		
1750000	Asset	Primary	Leasehold Improvements Summary		
1751000	Asset	Sub	Leasehold Improvements		
1759000	Asset	Sub	Leasehold Improv-Accum Depr		
1760000	Asset	Primary	Other Improvements Summary		
1761000	Asset	Sub	Other Improvements		
1769000	Asset	Sub	Allow For Depreciation-Improve		
1810000	Asset	Primary	Machinery & Equipment Summary		
1811000	Asset	Sub	Machinery & Equipment		
1819000	Asset	Sub	Machine & Equip-Accum Depr		
1890000	Asset	Primary	Construction In Progress Summ		
1891000	Asset	Sub	CIP - Additions		
1892000	Asset	Sub	CIP - Reductions		
1910000	Asset	Primary	Intangible Assets		
1911000	Asset	Sub	Art Work		
1919000	Asset	Sub	Intangibles Assets-Accum Amort		
1930000	Asset	Primary	Other Assets-Noncurrent		
1931000	Asset	Sub	Long-term Investments		
1935000	Asset	Sub	Pension Asset		
1938000	Asset	Sub	Other Assets Noncurrent-Other		
1980000	Asset	Primary	Defferred Outflows Of Resource		
1981000	Asset	Sub	DefOut-DiffEmpCont&PropShrCont		
1982000	Asset	Sub	Def Out-Diff Btwn Exp&Act Exp		
1983000	Asset	Sub	Def Out-Changes Of Asm		
1984000	Asset	Sub	Def Out-Diff Btw Proj&Act Earn		
1985000	Asset	Sub	Def Out-Cont Made Subs Meas Dt		
1989000	Asset	Sub	Def Out-Other		
2000000	Liability	Primary	Liabilities		

Appendix L

Item 10a: joint letter from City and County from June 8, 2026.

June 8, 2026

Kelly Kinnison, Ph.D., Chief Executive Officer
King County Regional Homelessness Authority
400 Yesler Way, Suite 600
Seattle, WA 98104
Email: Kelly.Kinnison@kcrha.org

RE: King County Regional Homelessness Authority's Corrective Action Plan Response

Dear Dr. Kinnison:

The King County Department of Community and Human Services (DCHS) and the City of Seattle Human Services Department (HSD) have completed our review of the King County Regional Homelessness Authority's (KCRHA) Corrective Action Plan (CAP) submitted on May 22, 2026.

King County and the City of Seattle are committed to strong financial stewardship of public funds. The April 17, 2026 Forensic Evaluation uncovered several areas for improvement. KCRHA is responsible for administering public funds transparently and effectively, and it is imperative that the items identified in the evaluation be resolved expeditiously.

As a next step, the County and City will partner to quickly embed an external financial consultant within KCRHA to assist with stabilizing the organization and advancing improvements.

A full assessment of KCRHA's CAP is enclosed with this letter. KCRHA's comprehensive CAP addresses key areas to improve fiscal oversight, but additional documentation and a clear internal control framework are still needed. Section 7 of the assessment (pages 20-21) lists immediate, near-term and ongoing action DCHS and HSD require of KCRHA.

- By July 31, 2026, please provide DCHS and HSD with proof that the four immediate recommendations have been met:
    1. Require written response on three absent governance directives related to the hiring freeze, discretionary spending freeze, and the pause on new agreements increasing costs or liability;

2. Require evidence-based confirmation of the four May 8 high-risk responses;
3. Require a specific corrective action plan for the $6.4M programmatic overspend;
4. Require a written description of an interim federal compliance framework.

- By August 28, 2026, please provide DCHS and HSD with proof that the three near-term recommendations have been met:
  1. Require direct funder review of Phase 1 deliverables;
  2. Engage independent verification of areas designated 'Implemented/Continuing';
  3. Establish a CFO hire timeline with a specific target date.

- By September 30, 2026, please provide DCHS and HSD with proof that the three ongoing oversight conditions are in place.
  1. Require Finance Committee reporting directly to funders on a defined schedule;
  2. Require milestone-linked reporting with quantitative before-and-after comparisons;
  3. Treat external stabilization support as a prerequisite for Phase 2 and 3 milestones.

Thank you for your commitment to serving the community. If you have any questions, please contact us at jelani.jackson@kingcounty.gov and chris.klaeysen@seattle.gov.

Sincerely,

Signed by:
Jelani Jackson
FA2331EDC4DD47A...
Jelani Jackson, Acting Division Director
King County DCHS

DocuSigned by:
Chris Klaeysen
FA0DB3621ED94DE...
Chris Klaeysen, Homelessness Division Director
City of Seattle HSD

Enclosure: KCRHA Corrective Action Plan Assessment

cc: The Honorable Executive Zahilay, King County Executive
The Honorable Katie Wilson, City of Seattle Mayor
KCRHA Governing Board Members
Susan McLaughlin, Acting Department Director, DCHS
Tanya Kim, Director, HSD
Tiffany Brooks, KCRHA Interim Chief Business Officer

Appendix M

Item 10b: Committee of the Whole briefing in response to motion 16970 relating to KCRHA - video and minutes.

King County

King County

1200 King County
Courthouse
516 Third Avenue
Seattle, WA 98104

Meeting Minutes

Committee of the Whole

Jorge Barón, Chair
Claudia Balducci, Vice Chair;
Rod Dembowski, Reagan Dunn, Steffanie Fain, Rhonda Lewis,
Teresa Mosqueda, Sarah Perry, Pete von Reichbauer

Lead Staff: Andy Micklow (206-263-3226)
Committee Clerk: Blake Wells (206-263-1617)

3:00 PM	Monday, June 8, 2026	Hybrid Meeting

SPECIAL MEETING - DRAFT MINUTES

1. Call to Order

Chair Barón called the meeting to order at 3:00 PM.

Appendix M

2. Roll Call

Present: 9 - Balducci, Barón, Dembowski, Dunn, Fain, Lewis, Mosqueda, Perry and von Reichbauer

3. Approval of Minutes

Councilmember Perry moved approval of the May 26, 2026 meeting minutes. There being no objections, the minutes were approved.

4. Public Comment

The following people provided public comment:

Alex Tsimerman
Nela Cumming

Discussion and Possible Action

5. Proposed Motion No. 2026-0081

A MOTION confirming the appointment of Susan McLaughlin as director of the King County department of community and human services.

Sam Porter, Council staff, and Hyeok Kim, Chief Operating Officer, King County Executive's Office, briefed the committee. Dr. Susan McLaughlin, appointee, also briefed the committee and answered questions from the members.

This item was expedited to the June 16, 2026 meeting of the Metropolitan King County Council.

Councilmember Dembowski requested to be added as a sponsor for this item.

A motion was made by Councilmember Mosqueda that this motion be recommended do pass consent. The motion carried by the following vote:

Yes: 9 - Balducci, Barón, Dembowski, Dunn, Fain, Lewis, Mosqueda, Perry and von Reichbauer

Briefing

6. Briefing No. 2026-B0077

Response to Motion 16970 relating to King County Regional Homelessness Authority

William Towey, Associate Deputy, Strategy, King County Regional Homelessness Authority, briefed the committee via PowerPoint presentation and answered questions from the members. Hyeok Kim, Chief Operating Officer, King County Executive's Office, Aaron Rubardt, Chief Budget Officer, King County Executive's Office, and Amber Green, Deputy Director, Department of Community and Human Services, also briefed the committee via PowerPoint presentation and answered questions from the members.

This matter was presented.

Adjournment

The meeting was adjourned at 5:14 PM.

Approved this _____________ day of _________________

Clerk's Signature