

Washington State Auditor's Office
Accountability Audit Report

Prosser Public Hospital District
(Prosser Memorial Hospital)
Benton County

Report Date
March 10, 2014

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WASHINGTON
TROY KELLEY
STATE AUDITOR



Washington State Auditor Troy Kelley

March 17, 2014

Board of Commissioners
Prosser Memorial Hospital
Prosser, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Prosser Memorial Hospital's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Benton County
March 10, 2014**

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Audit Summary

**Prosser Memorial Hospital
Benton County
March 10, 2014**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Prosser Memorial Hospital from January 1, 2011 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- General disbursements
- Credit cards and accounts
- Billing, adjustments and write-offs
- Charity care adjustments
- Surplus property
- Electronic health records incentive payments
- Procurement for public works
- Procurement for engineering services
- Stale checks, check integrity
- Unclaimed property
- Review of certified public accountant work papers for 2011 and 2012 financial audits

RESULTS

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**Prosser Memorial Hospital
Benton County
March 10, 2014**

FINANCIAL

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from the District. The firm reported a significant deficiency or material weakness in internal controls over financial reporting regarding the District's reconciliation of its operating cash account and incorrectly reporting beginning net position.

Description of the District

Prosser Memorial Hospital Benton County March 10, 2014

ABOUT THE DISTRICT

The Prosser Public Hospital District, doing business as Prosser Memorial Hospital, provides medical services in Benton County. The District owns and operates a cardiopulmonary center, a diagnostic imaging center, ambulance services, a birthing center, home health services, laboratory services, an acute care hospital, a hospital medicine program, surgical services, therapy services and a transitional and long-term care facility. There is also a rural clinic in Benton City.

An elected, seven-member Board of Commissioners governs the District. Members serve staggered, six-year terms. The Board appoints an Administrator to oversee the District's daily operations as well as its approximately 300 employees. For fiscal year 2011 and 2012, the District received revenue of approximately \$30.5 to \$30.8 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Stephen Kenny, Chair
Glenn Bestebreur
Andy Gilbertson
Chuck Potter
Tim Straub
Bren Robinson
Dorothy Walton-Luglan
Keith Sattler

Note: Dorothy Walton-Luglan was replaced by Keith Sattler in 2012

APPOINTED OFFICIALS

Chief Executive Officer
Chief Financial Officer
Controller

Julie Peterson
Tim Cooper
Michelle Swanson

DISTRICT CONTACT INFORMATION

Address: Prosser Memorial Hospital
723 Memorial Street
Prosser, WA 99350

Phone: 509-786-5573

Website: www.prossermemorial.com

AUDIT HISTORY

We audit the District annually; however, we performed a two-year accountability audit for the periods 2009-2010 and 2011-2012. The past five audits have reported one finding in 2006 regarding safeguarding capital and small and attractive assets. The issue has been resolved. District officials have been responsive to audit recommendations in the past. We appreciate the District's commitment to establishing public accountability.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Deputy Director of Communications
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