

Washington State Auditor's Office
Accountability Audit Report

Columbia County Public Hospital
District No. 1
(Dayton General Hospital and Columbia
County Health System)

Report Date
March 25, 2014

Report No. 1011562

Issue Date
April 3, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

April 3, 2014

Board of Commissioners
Dayton General Hospital and Columbia County Health System
Dayton, 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 the Dayton General Hospital and Columbia County Health System'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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Audit Summary

Dayton General Hospital and Columbia County Health System March 25, 2014

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Dayton General Hospital and Columbia County Health System 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:

- Procurement – public works
- Procurement – professional services
- Patient account write offs and adjustments
- Donations
- Open Public Meetings Act compliance
- Third party cash receipting and patient billing
- Payroll
- Credit card transactions
- Gifting of public funds
- Advertising

RESULTS

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

Related Reports

Dayton General Hospital and Columbia County Health System March 25, 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 adjusting journal entries.

Description of the District

Dayton General Hospital and Columbia County Health System March 25, 2014

ABOUT THE DISTRICT

Columbia County Public Hospital District No. 1, doing business as Dayton General Hospital and Columbia County Health System, owns and operates several healthcare facilities in Dayton and Waitsburg. These facilities include Dayton General Hospital, a 25-bed critical access hospital, Booker Rest Home Annex, a 46-bed nursing home facility, Columbia Family Clinic and Waitsburg Clinic. The District provides health-care services including acute care, long-term nursing care, assisted living, emergency room, clinics and related services such as laboratory, radiology and therapy.

An elected, five-member Board of Commissioners governs the District. The Board appointed Chief Executive Officer is responsible for the District's operations as well as its approximately 125 employees. For fiscal years 2011 and 2012, the District operated on budgets of approximately \$10.9 million and \$10.6 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:	Lisa Naylor Blaine Bickelhaupt (through December 2011) Jack Otterson Ted Paterson Jim Kime Colleen Sproul (effective January 2012)
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APPOINTED OFFICIALS

Chief Executive Officer	Charlie Button (through June 2012) Jon Smiley, interim (July 2012 – September 2012) Dale Polia (effective October 2012)
Chief Financial Officer	Gary Schroeder (through June 2012) John Hennessey (effective May 2011, overlap with prior Chief Financial Officer until June 2012)

DISTRICT CONTACT INFORMATION

Address: Dayton General Hospital and Columbia County Health System
1012 S. Third Street
Dayton, WA 99328

Phone: 509-382-2531

Website: www.cchd-wa.org

AUDIT HISTORY

We previously audited the District annually, but since 2009, we audit the District every two years. We reported a finding in the 2008 audit for an unallowable investment. This issue is still unresolved. We reported a finding on the District's financial condition in the 2007 and 2006 audits. This has been resolved. We have reported no findings since 2008.



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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