

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**King County Public Hospital District No. 1**  
**(Valley Medical Center)**

Report Date  
**April 17, 2014**

**Report No. 1011704**

Issue Date  
**April 28, 2014**



**Washington State Auditor**  
**Troy Kelley**

Independence • Respect • Integrity



## Washington State Auditor Troy Kelley

April 28, 2014

Board of Commissioners  
Valley Medical Center  
Renton, 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 Valley Medical Center'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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King County  
April 17, 2014**

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# Audit Summary

## Valley Medical Center King County April 17, 2014

### *ABOUT THE AUDIT*

This report contains the results of our independent accountability audit of the Valley Medical Center from January 1, 2012 through June 30, 2013.

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:

- Cash receipting:
  - Newcastle Clinic
  - Lake Sawyer Clinic
  - Fitness Center
  - Cafeteria
- Payments/expenditures
- Credit cards and accounts
- Charity care adjustments

### *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

**Valley Medical Center  
King County  
April 17, 2014**

### ***FINANCIAL***

Our opinion on the District's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the District's financial statements.

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the District's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report. That report includes a federal finding regarding the District's lack of adequate internal controls to demonstrate it verified patients were eligible to receive vaccines under the program.

# Description of the District

## Valley Medical Center King County April 17, 2014

### ***ABOUT THE DISTRICT***

King County Public Hospital District No. 1 operates as Valley Medical Center and is the oldest and largest public hospital district in Washington State. The District employs more than 2,800 people and is licensed to operate a 321-bed hospital and 12 community clinics throughout King County. On July 1, 2011, the District entered into a strategic alliance with the University of Washington (UW) and is now managed by UW.

The District's operating revenues were \$428 million and \$443 million in 2012 and 2013, respectively. The Board of Trustees oversees the healthcare operations of the District, while a publicly elected, five-member Board of Commissioners oversees the District's tax levies and certain nonhealthcare-related functions.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Paul Joos, President  
Anthony Hemstad, Vice President  
Carolyn Parnell  
Aaron Heide  
Sue Bowman

### ***APPOINTED OFFICIALS***

Board of Trustees:

Lisa Jensen, Chair  
Peter Evans, Vice Chair  
Bernie Dochnahl  
Gary Kohlwes  
Beverly Fletcher  
Julia Patterson  
Johnese Spisso  
Rich Roodman  
Larry Smith  
Jeannine Grinnell  
David Smith

Chief Executive Officer  
Chief Financial Officer  
Vice President of Finance  
General Counsel

## ***DISTRICT CONTACT INFORMATION***

Address: Valley Medical Center  
P.O. Box 50010  
Renton, WA 98055

Phone: (425) 228-3450

Website: [www.valleymed.org](http://www.valleymed.org)

## ***AUDIT HISTORY***

We audit the District annually. This is the 12th straight year we have audited the District without an accountability finding.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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 Quality Assurance**  
**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Troy Kelley**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Kelly Collins, CPA**  
**Jan M. Jutte, CPA, CGFM**  
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