

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

---

**Pend Oreille County Public Hospital**  
**District No. 1**  
**(Newport Hospital and Health Services)**

Report Date  
**January 6, 2014**

**Report No. 1011140**

Issue Date  
**January 27, 2014**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

January 27, 2014

Board of Commissioners  
Newport Hospital and Health Services  
Newport, 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 Newport Hospital and Health Services' 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

Table of Contents

**Newport Hospital and Health Services  
Pend Oreille County  
January 6, 2014**

Audit Summary ..... 1

Related Reports ..... 2

Description of the District ..... 3

# Audit Summary

## **Newport Hospital and Health Services Pend Oreille County January 6, 2014**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the Newport Hospital and Health Services from January 1, 2012 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
- Payroll/personnel

### ***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

**Newport Hospital and Health Services  
Pend Oreille County  
January 6, 2014**

### ***FINANCIAL***

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

# Description of the District

## **Newport Hospital and Health Services Pend Oreille County January 6, 2014**

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

Pend Oreille County Public Hospital District No. 1 owns and operates several healthcare facilities in Pend Oreille County. The District operates Newport Hospital and Health Services, a licensed 24-bed hospital, Newport Community Hospital Long-Term Care Unit, a 50-bed facility, Family Health Center Newport and Family Medicine Newport, provider-based rural health clinics, and River Mountain Village, a 42-unit assisted living facility.

An elected, five-member Board of Commissioners governs the District. Commissioners serve staggered, six-year terms. The Board appoints management to oversee the District's daily operations as well as its 300 employees. For fiscal year 2012, the District operated on an annual budget of approximately \$25 million.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Ray King  
Don Monroe  
Lois Robertson  
Thomas Garrett  
Lynette Elswick

### ***APPOINTED OFFICIALS***

Chief Executive Officer  
Chief Financial Officer  
Treasurer

Tom Wilbur  
Kim Manus  
Rick Knorr

### ***DISTRICT CONTACT INFORMATION***

Address: Newport Hospital and Health Services  
714 W. Pine Street  
Newport, WA 99156-9046

Phone: 509-447-6290

Website: [www.phd1.org](http://www.phd1.org)

## ***AUDIT HISTORY***

We audit the District annually. The past five audits have reported only one finding related to bid law compliance, which has been resolved by the District.



## **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.

**State Auditor**  
**Chief of Staff**  
**Director of Performance and State Audit**  
**Director of Local Audit**  
**Deputy Director of State Audit**  
**Deputy Director of Local Audit**  
**Deputy Director of Local Audit**  
**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**  
**Sadie Armijo**  
**Mark Rapozo, CPA**  
**Barb Hinton**  
**Thomas Shapley**  
**Mike Murphy**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Website**  
**Subscription Service**

**[www.sao.wa.gov](http://www.sao.wa.gov)**  
**[www.sao.wa.gov/EN/News/Subscriptions](http://www.sao.wa.gov/EN/News/Subscriptions)**