



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Pacific Hospital Preservation and Development Authority

King County

For the period January 1, 2012 through December 31, 2013

Published November 20, 2014

Report No. 1012996





Washington State Auditor Troy Kelley

November 20, 2014

Council
Pacific Hospital Preservation and Development Authority
Seattle, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR

TABLE OF CONTENTS

Audit Summary	4
Related Reports	5
Information About The Authority.....	6
About The State Auditor's Office.....	7

AUDIT SUMMARY

Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Pacific Hospital Preservation and Development Authority from January 1, 2012 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Contracts/agreements
- Open public meeting minutes
- Prevailing wage
- Legal authority for official actions taken
- Payments/expenditures

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from Pacific Hospital Preservation and Development Authority.

INFORMATION ABOUT THE AUTHORITY

The city of Seattle chartered the Pacific Hospital Preservation and Development Authority in 1981 with the mission to support effective health care for the vulnerable and disadvantaged. Its asset is the Beacon Hill property known previously as the Public Health Service Hospital or Pacific Hospital.

A nine-member Council governs the Authority. Four members are appointed by the Mayor, one by the King County Executive and four by the Authority's Governing Council. On June 1, 2003, the Authority transferred its medical practice, related assets and liabilities and the majority of staff to a nonprofit corporation, of which it was the sole voting member, retaining only its Beacon Hill property and certain agreements. The Authority made changes to its Charter, approved by the Seattle Mayor in November 2004.

Lease payments comprise the primary revenue source for the Authority. In April 2014, the Authority resigned as the sole voting member of the nonprofit corporation, Pacific Medical Center, due to a new affiliate relationship between Pacific Medical Center and Providence Medical Center.

The Authority uses lease monies from lease agreements to fund health care services and programs whose goal is to decrease healthcare access and outcome disparities in King County. The Authority received more than \$2 million in operating revenue during each fiscal year, 2012 and 2013. Since 2003, the Authority has provided more than \$17 million in funding for projects and programs to support health access and reduce health disparities.

Contact information related to this report	
Address:	Pacific Hospital Preservation and Development Authority 1200 12th Avenue S. Seattle, WA 98144
Contact:	Christina Bernard, Finance and Grants Manager
Telephone:	(206) 588-4777
Website:	www.phpda.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Pacific Hospital Preservation and Development Authority at <http://portal.sao.wa.gov/ReportSearch>.

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov