



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

Harborview Medical Center

King County

For the period July 1, 2013 through June 30, 2014

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Washington State Auditor Troy Kelley

April 20, 2015

Board of Trustees
Harborview Medical Center
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 Medical Center 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 Medical Center'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
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, Medical Center operations complied with applicable requirements and provided adequate safeguarding of public resources. The Medical Center 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 Harborview Medical Center from July 1, 2013 through June 30, 2014.

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 Medical Center'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:

- Cash receipting
- Service contracts
- Third party cash receipting
- Safeguarding of assets
- Medical record fees
- Shared service costs
- Payroll

RELATED REPORTS

Financial

Our opinion on the Medical Center's financial statements and compliance with federal grant program requirements is provided in a separate report issued in March 2015, which includes the Medical Center's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Medical Center's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report issued in March 2015. That report includes a federal finding regarding internal controls over the procurement of service contracts. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

Special investigations

During the current audit period, the State Auditor's Office issued a report in August 2013 on a misappropriation of public funds at the Medical Center. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE MEDICAL CENTER

Harborview Medical Center is a comprehensive health-care facility dedicated to the control of illness and the promotion and restoration of health. Its primary mission is to provide and teach exemplary patient care and to provide health care for King County patients. The Medical Center is owned by King County and managed under contract by the University of Washington.

The Medical Center is licensed for 413 beds and is the only Level 1 Trauma Center in Washington, Wyoming, Alaska, Montana and Idaho. The Medical Center is one of two primary teaching hospitals used by the University of Washington's School of Medicine. Some of the Medical Center's nationally recognized services include Emergency Trauma Center, Burn Center, AIDS research and clinical services, Sexual Assault Center, Neurological Surgery, Medic 1 and Rehabilitation Medicine. In addition, the Medical Center offers outpatient specialty and primary care for adults and children in over 60 clinics within the main hospital facility and at sites throughout King County.

An appointed, 13-member Board of Trustees governs the Medical Center. Board Members are appointed by King County. The Board appoints management to oversee its approximately 5,700 employees. The Medical Center has a staff consisting of physicians, nurses, residents, administration and support staff. The Medical Center does not receive operating support from King County.

The Medical Center's operating expenses are funded primarily by reimbursement from state agencies, the federal government and patient care payments. In addition, the Legislature has appropriated funds to the University of Washington on a two-year basis for the continuing operations of the Medical Center as a resource for teaching and research. In 2014, operating revenue was \$815 million, of which patient service revenue accounted for 92 percent.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Harborview Medical Center 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.

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