Washington State Auditor's Office

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Accountability Audit Report

Okanogan-Douglas District Hospital No. 1

(Three Rivers Hospital)

Okanogan County

For the period January 1, 2014 through December 31, 2014

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Washington State Auditor's Office

July 25, 2016

Board of Commissioners
Three Rivers Hospital
Brewster, 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 District 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 District'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 most areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to District management in a letter dated June 10, 2016, related to financial condition and internal controls over pharmacy operations. We appreciate the District's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the Three Rivers Hospital from January 1, 2014 through December 31, 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 District'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:

- Billings and patient accounts
- Cash receipting
- Self-insurance
- Financial condition
- Pharmacy controls

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from Three Rivers Hospital.

Special investigations

We noted certain matters that we communicated to District management in a letter, relating to a narcotics diversion. We appreciate the District's commitment to resolving those matters.

INFORMATION ABOUT THE DISTRICT

Okanogan-Douglas County Hospital District No. 1, doing business as Three Rivers Hospital, provides medical services in Okanogan and Douglas counties. The District operates Columbia Medical and Surgical Services.

An elected five-member Board of Commissioners governs the District. The Board appoints a Chief Executive Officer to oversee the District's daily operations as well as its approximate 94 full-time employees. For fiscal year 2014, the District operated on an annual budget of approximately $17.7 million.

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 Three Rivers Hospital 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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