



Washington State Auditor's Office

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Accountability Audit Report

North Sound Regional Support Network

(North Sound Mental Health Administration)

Skagit County

For the period January 1, 2014 through December 31, 2015

Published October 20, 2016

Report No. 1017691





Washington State Auditor's Office

October 20, 2016

Board of Directors
North Sound Mental Health Administration
Mount Vernon, 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 Network 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 Network'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,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, Network operations complied with applicable requirements and provided adequate safeguarding of public resources. The Network 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 North Sound Mental Health Administration from January 1, 2014 through December 31, 2015.

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 Network'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:

- Payroll
- Travel expenditures
- Capital improvements and lease agreement

RELATED REPORTS

Financial

Our opinion on the Network's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the Network'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 Network's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. If a single audit finding was issued, include the following: That report includes a federal finding regarding briefly explain issue reported. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE NETWORK

The North Sound Regional Support Network, doing business as North Sound Mental Health Administration, was formed in 1989 through an interlocal agreement created with five neighboring counties: Island, San Juan, Whatcom, Skagit, and Snohomish. The Network contracts with vendors and other agencies to coordinate and provide mental health services to individuals within the area.

The Network is governed by a Board of Directors; consisting of nine elected members, three tribal representatives and two advisory Board members from entities included in the interlocal agreement. The Board hires an Executive Director to oversee the Network's daily operations as well as its 34 employees. During fiscal year 2014 and 2015, the Network had approximately \$99 million and \$111 million in operating revenues and \$98 million and \$102 million in expenditures, respectively.

As of April 2016 the Network converted per state law to a Behavioral Health Organization with additional authority regarding substance abuse provisions.

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 North Sound Mental Health Administration 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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