



**Office of the Washington State Auditor**  
**Pat McCarthy**

## **Investigation Report**

# **Harborview Medical Center**

**King County**

**For the Investigation Period February 1, 2002 through December 31, 2015**

**Published June 29, 2017**

**Report No. 1019330**





**Office of the Washington State Auditor  
Pat McCarthy**

June 29, 2017

Harborview Medical Center  
Seattle, Washington

**Report on Investigation**

Attached is the official report regarding potential unethical employee activity at the Harborview Medical Center. On January 13, 2016, the Medical Center notified the State Auditor's Office of a potential loss of public funds. This notification was submitted to us under the provisions of state law (RCW 43.09.185).

This report contains the results of our investigation of the former Clinical Autopsy Coordinator's unallowable activities at the Medical Center from February 1, 2002 through December 31, 2015.

Our investigation was performed under the authority of state law (RCW 43.09.290) and included procedures we considered necessary under the circumstances.

If you are a member of the media and have questions about this report, please contact Assistant Director for Communications Kathleen Cooper at (360) 902-0470. Otherwise, please contact Fraud Manager Sarah Walker at (509) 454-3621.

Pat McCarthy

State Auditor

Olympia, WA

cc: Ms. Lillen Namba, University of Washington Medicine Internal Control

# INVESTIGATION REPORT

## Investigation Summary

On January 13, 2016, the University of Washington Internal Audit (Internal Audit) notified our Office regarding possible unethical employee activity in the Anatomic Pathology Department and a potential loss of public funds as required by state law.

Internal Audit investigated and determined a former Clinical Autopsy Coordinator (Coordinator) violated state ethics laws and University policies by receiving outside compensation totaling at least \$105,000 for work he had already performed as a part of his normal duties as a Harborview Medical Center (Medical Center) employee. He performed autopsy services that included specialized tests for research. Additionally, the former Coordinator used Medical Center equipment and facilities to perform outside work for additional compensation potentially totaling as much as \$29,400.

Internal Audit determined the former Coordinator received payments due to the noted unethical behavior between February 2002 and December 2015. The Coordinator resigned on December 23, 2015. We reviewed Internal Audit's investigation and agree with its conclusions.

We will refer this report to the King County Prosecuting Attorney's Office and the State Ethics Board.

## Background and Investigation Results

The Medical Center, located in King County, operates on an annual budget of about \$930 million. The Medical Center is owned by King County and managed under contract by the University of Washington. The Anatomic Pathology Department at the Medical Center provides clinical services in all areas of pathology, providing diagnostic procedures and analysis in more than 80,000 cases a year. The department employs about 200 faculty members and receives \$33 million in research support annually.

The former coordinator's normal duties as a Medical Center employee were to perform specialized research-related autopsy services, including scientific tests on the brains of deceased patients suspected of containing Cruetzfeldt-Jakob Disease (also known as "mad cow disease"). This work was the result of a contract that began in 2004 between the Medical Center and the Centers for Disease Control and its National Prion Disease Pathology Surveillance Center at Case Western University.

The Internal Audit's investigation focused on the former Coordinator's compliance with the state ethics law and University policies, employee payroll records and controls surrounding facility usage. The investigation determined the former Coordinator did not comply with the Ethics in Public Service Act (RCW 42.52) and University policies. The former Coordinator received outside compensation for performing his normal duties related to his employment with the

Medical Center. The former Coordinator also used the Medical Center's autopsy and morgue facilities, work-issued computer, cellular phone and email to conduct outside work.

- Internal Audit reviewed a total of \$130,366 in external payments, dated February 2002 through August 2010, issued to the former Coordinator. The payments were from various medical institutions and universities, and were used to confirm the former Coordinator received compensation for outside work performed while using the Medical Center's equipment and facilities. The Medical Center confirmed that of those external payments, \$105,000 was for work that the former Coordinator was already required to perform as part of his normal Medical Center duties.
- Internal Audit also inspected the former Coordinator's email records, hard drive and workspace, and identified the former Coordinator used Medical Center resources to coordinate or perform \$29,400 of outside work between May 2013 and September 2015:
  - Emails and other documents were used to confirm the former Coordinator performed three procedures at the Medical Center facilities. Emails showed the former Coordinator negotiated to receive a total of \$2,300 for the three procedures.
  - Internal audit found some physical evidence for five procedures in the workspace that was inspected; however, there was not enough evidence to confirm the work was completed at the Medical Center facilities. Emails showed the former Coordinator negotiated to receive a total of \$8,750 for the five procedures.
  - Email evidence also showed the former Coordinator organized to perform ten additional procedures for which there was evidence to show the work was performed in outside facilities. Although, there was physical evidence related to one procedure found in the workspace, emails related to the procedure indicated the work was completed at another facility. The former Coordinator negotiated to receive a total of \$18,350 for the ten procedures noted.
- University policy requires all staff to secure advance review and approval of outside work whenever the activities relate to the individual's official duties or status as a University employee. Employees are required to complete a Request for Approval of Outside Work form to disclose other work.
  - A form completed by the former Coordinator in 2010 disclosed another full-time position at a government medical center for a 12-month appointment but did not disclose other outside work performed during the same period. A form completed in 2015 by the former Coordinator disclosed "private autopsies with Pathologist"; however, the form was not completed with all required information.

## Control Weaknesses

Internal controls at the Medical Center were not adequate to safeguard public resources. Internal Audit found the following weaknesses allowed the unethical activity to occur:

- Lack of clear organizational structure in the Anatomic Pathology department resulted in uncertainty between reporting lines, interpretations of authority and responsibility, and implied approvals lead to non-compliance with rules and policies.
- Morgue logbook records were inconsistently used and were not monitored. This allowed the misuse of facilities for outside work to go undetected.
- Policies of required disclosures and approvals for outside work were not communicated to managers and employees.

## Recommendations

We recommend the Medical Center strengthen internal controls over the use of Medical Center equipment and facilities as well as disclosure of outside work to ensure adequate oversight and monitoring to safeguard public resources and compliance with State Ethics Laws and Medical Center policies.

We also recommend the Medical Center coordinate with the State Ethics Board to determine any necessary action.

Any compromise or settlement of this claim by the Medical Center must be approved in writing by the Attorney General and State Auditor as directed by state law (RCW 43.09.330). Assistant Attorney General Matt Kernutt is the contact person for the Attorney General's Office and can be reached at (360) 586-0740 or [matk1@atg.wa.gov](mailto:matk1@atg.wa.gov). The contact for the State Auditor's Office is Sadie Armijo, Assistant Director of Local Audit, who can be reached at (360) 902-0362 or [Sadie.Armijo@sao.wa.gov](mailto:Sadie.Armijo@sao.wa.gov).

## Medical Center's Response

*We agree with the recommendations, and have implemented the following:*

- *The Anatomic Pathology and Pathology Laboratory organization charts, clearly delineating reporting lines among faculty, trainees, and hospital staff as well as addressing component areas within the department to include research, training, clinical practice and hospital operations, have been finalized by management and medical center leadership, and were communicated to faculty, management, and staff in June 2017. The Department of Pathology's organization chart and the division of responsibilities between the school and clinical operations is currently under review. Staff*

*responsibilities for prioritizing work between clinical and research will be communicated, and oversight will be provided by staff supervisors.*

- In June 2017, management and medical leadership drafted and implemented job descriptions for faculty and staff that clarify authorities and responsibilities. They aim to promote the newly defined structural organization through improved department communications and establishment of the Pathology Operations Committee. Further, by establishing and enforcing protocols for compliance and documenting clear expectations for designated accountabilities, they will improve oversight controls around staff non-compliance.*
- In August 2016, HMC management implemented a standardized logging process for recording bodies received into and released from the HMC morgue. Pathology established a formal monitoring procedure, including random documented audits of the logbook to evaluate compliance with the standardized process. All staff members involved in the process reviewed the written procedures, were trained in the process, and have oversight to ascertain compliance with the process.*
- Refresher training related to the disclosure and approval of outside work forms was provided in August 2016, and additional ethics training was conducted by Richard Cordova, Executive Director of UW Internal Audit on April 20, 2016.*

*In addition, the Medical Center will coordinate with the State Ethics Board on any necessary actions, and will obtain approval of any compromise or settlement of this claim from the Attorney General and State Auditor's Office in writing.*

### **State Auditor's Office Remarks**

We thank Medical Center and University of Washington Internal Audit officials and personnel for their assistance and cooperation. We will follow up on the status of the Medical Center's corrective action during the next audit.

## ABOUT THE STATE AUDITOR'S OFFICE

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