



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Pacific Hospital Preservation and Development Authority

For the period January 1, 2016 through December 31, 2017

Published November 15, 2018

Report No. 1022604





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

November 15, 2018

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 independent audit report on the Authority's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Pacific Hospital Preservation and Development Authority from January 1, 2016 through December 31, 2017.

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.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. 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, based on our risk assessment for the years ended December 31, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Revenues generated from the parking lot
- Meal and catering expenditures
- Personnel reimbursements

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE AUTHORITY

The city of Seattle chartered the Pacific Hospital Preservation & Development Authority in 1981 with the mission to support effective health care for vulnerable and disadvantaged individuals in the Puget Sound region. Its asset is the Beacon Hill property known as the Pacific Tower and its surrounding campus (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.

Lease payments comprise the primary revenue source for the Authority. The Authority uses lease monies from these agreements to fund health care services and programs whose goal is to decrease healthcare access and outcome disparities in King County and the Puget Sound region. The current large-scale competitive grant program was initiated in 2014. Since 2003, the Authority has provided almost \$29 million in funding for projects and programs to support health access and reduce health disparities.

An additional focus area for the Pacific Hospital PDA beginning in 2016 is property development. Work in this area includes the planned addition of affordable housing on the Pacific Tower property.

Contact information related to this report

Address:	Pacific Hospital Preservation and Development Authority 1200 12th Avenue S. Quarters 2 Seattle, WA 98144
Contact:	Christina Bernard, Associate Director
Telephone:	(206) 588-4777 x2
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	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov