

Washington State Auditor's Office
Accountability Audit Report

Public Hospital District No 2
Snohomish County
(Verdant Health Commission)

Report Date
January 28, 2014

Report No. 1011206

Issue Date
February 3, 2014



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

February 3, 2014

Board of Commissioners
Verdant Health Commission
Lynnwood, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Verdant Health Commission's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

Table of Contents

**Verdant Health Commission
Snohomish County
January 28, 2014**

Audit Summary 1

Related Reports 2

Description of the District 3

Audit Summary

**Verdant Health Commission
Snohomish County
January 28, 2014**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Verdant Health Commission from January 1, 2012 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

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 noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Community programs
- Third party cash receipting
- General disbursements

RESULTS

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**Verdant Health Commission
Snohomish County
January 28, 2014**

FINANCIAL

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

Description of the District

Verdant Health Commission Snohomish County January 28, 2014

ABOUT THE DISTRICT

Snohomish County Public Hospital District No. 2, doing business as Verdant Health Commission, serves citizens in south Snohomish County.

On September 1, 2010, the District entered into a lease and operating agreement with Swedish Health Services. Swedish now operates the hospital which includes an acute-care hospital with 217 licensed beds, two primary care clinics and a retail pharmacy. The District formed the Verdant Health Commission to work with the community to identify and provide funding for priority healthcare needs within the District's service area.

An elected, five-member Board of Commissioners governs the District. Commissioners serve staggered, six-year terms. The Board appoints a Superintendent to oversee the District's daily operations and its five employees. For fiscal year 2012, the District operated on an annual budget of approximately of \$10 million.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Bob Knowles
Deana Knutsen
Fred Langer, R.N.
Bruce Williams, M.D.
Karianna Wilson

APPOINTED OFFICIALS

Superintendent
Director of Finance
Director of Programs and Community
Investment

Carl Zapora
Lisa King

George Kosovich

DISTRICT CONTACT INFORMATION

Address: Verdant Health Commission
P.O. Box 2606
Lynnwood, WA 98036

Phone: (425) 582-8543

Website: www.verdanthealth.org

AUDIT HISTORY

This is the second audit of the District after its conversion from operating as Stevens Hospital to Verdant Health Commission. We reported no findings since the conversion.



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 as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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