



# Washington State Auditor's Office

Independence • Respect • Integrity

## Accountability Audit Report

# Lewis County Public Hospital District No. 1

## (Morton General Hospital)

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

Published November 16, 2015

Report No. 1015556





## Washington State Auditor's Office

November 16, 2015

Board of Commissioners  
Morton General Hospital  
Morton, 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,

A handwritten signature in blue ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM  
ACTING 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 November 10, 2015, related to annual report filing, cash receipting, payroll, and disbursements. 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 Morton General 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:

- General revenues and expenditures
- Open Public Meetings Act
- Financial condition
- Credit cards
- Payroll
- Significant internal control systems – cash receipting, disbursements, patient billing

## RELATED REPORTS

### **Financial**

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>. That report includes a finding for a significant deficiency in internal controls over financial reporting of capital assets.

### **Special investigations**

We noted certain matters that we communicated to District management in a letter, relating to personal use of District credit cards. We appreciate the District's commitment to resolving those matters.

## INFORMATION ABOUT THE DISTRICT

Lewis County Public Hospital District No. 1, doing business as Morton General Hospital, operates a 25-bed critical access hospital. The District also owns and operates clinics in the cities of Mossyrock and Randle. Services offered by the District include acute care, 24-hour emergency, laboratory, radiology, physical and respiratory therapy and skilled nursing care. Medical staff includes physicians in emergency medicine, family practice, general surgery, gynecology, radiology and pathology.

The District is governed by an elected, five-member Board of Commissioners. The Board appoints a Superintendent-Chief Executive Officer who oversees the District's daily operations as well as its approximately 200 employees. The District provides services to patients under contractual agreements with Medicare, Medicaid and private insurance carriers. For fiscal year 2014, the District's operating revenues were approximately \$22.6 million.

Contact information related to this report	
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Contact:	Clint Scogin, Controller
Telephone:	(509) 496-3647
Website:	<a href="http://www.mortongeneral.org">www.mortongeneral.org</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Morton General 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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