



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Public Hospital District No. 2 of
Clallam County
(Olympic Medical Center)

For the period January 1, 2018 through December 31, 2018

Published February 6, 2020

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

February 6, 2020

Board of Commissioners
Olympic Medical Center
Port Angeles, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is our independent audit report on the District'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

Results in brief

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

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Olympic Medical Center from January 1, 2018 through December 31, 2018.

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 obtaining 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. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Payroll – gross wages and bonus and incentive payments
- Accounts payable – general disbursements, credit cards, travel expenditures and employee reimbursements
- Cash receipting – completeness of deposits and cash drawer confirmations at Patient Financial Services
- Procurement – public works and prevailing wages
- Self-insurance for unemployment compensation

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 DISTRICT

Public Hospital District No. 2 of Clallam County, doing business as Olympic Medical Center, provides health care services to Port Angeles, Sequim and surrounding communities. The District operates Olympic Memorial Hospital, a 126 bed licensed general acute-care facility, and home health services through Olympic Medical Home Health. The District also operates Olympic Medical Imaging Center, Olympic Medical Cancer Center, Olympic Medical Physical Therapy and Rehabilitation, Olympic Medical Laboratory, Olympic Medical Surgical Services, Olympic Medical Cardiac Services and Olympic Medical Physicians, which provides physician clinic services in 13 different specialties across the District.

An elected, seven-member Board of Commissioners governs the District. The Board appoints an Administrator to oversee the District's daily operations as well as its 1,474 employees. For 2018, the District operated on an annual budget of approximately \$199.8 million.

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 Olympic Medical Center 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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