



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Harborview Medical Center

For the period July 1, 2019 through June 30, 2020

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

August 12, 2021

Board of Trustees
Harborview Medical Center
Seattle, 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 Medical Center 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 Medical Center'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 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, Medical Center 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 Harborview Medical Center from July 1, 2019 through June 30, 2020.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Medical Center's use 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 June 30, 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Financial condition and fiscal sustainability
- Third party receipting
- Parking – review of cash receipting
- Requirements related to tracking and safeguarding assets
- COVID funding – review expenditures for compliance with the Paul Allen Family Foundation to ensure funds are used for its restricted purposes

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's 2019 report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

The Medical Center has not yet completed their financial statement audit for fiscal year 2020.

Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Medical Center's major federal programs. That firm's 2019 report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

The Medical Center has not yet completed their federal program audit for fiscal year 2020.

INFORMATION ABOUT THE MEDICAL CENTER

Harborview Medical Center is a comprehensive health-care facility dedicated to the control of illness and the promotion and restoration of health. Its primary mission is to provide and teach exemplary patient care and to provide health care for King County patients. The Center is owned by King County and managed under contract by the University of Washington. The Center is licensed for 413 beds and is the only Level 1 Trauma Center in Washington, Wyoming, Alaska, Montana and Idaho. The Center is one of two primary teaching hospitals used by the University of Washington's School of Medicine. Some of the Center's nationally recognized services include Emergency Trauma Center, Burn Center, AIDS research and clinical services, Sexual Assault Center, Neurological Surgery, Medic 1 and Rehabilitation Medicine. In addition, the Center offers outpatient specialty and primary care for adults and children in over 60 clinics within the main hospital facility and at sites throughout King County.

An appointed, 13-member Board of Trustees governs the Center. Board Members are appointed by King County. The Board appoints management to oversee its approximately 4,500 employees. The Center has a staff consisting of physicians, nurses, residents, administration and support staff. The Center does not receive operating support from King County. The Center's operating expenses are funded primarily by reimbursement from state agencies, the federal government and patient care payments. In addition, the Legislature has appropriated funds to the University of Washington on a two-year basis for the continuing operations of the Center as a resource for teaching and research. In 2020 operating revenue was \$1.05 billion, of which patient service revenue accounted for 89 percent.

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 Harborview Medical Center at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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