

January 12, 2011

A special meeting of the Board of Commissioners of Whidbey Island Public Hospital District for the Washington State Auditors Exit Conference was called to order by President Tarrant at 10:00 am. Present were President Tarrant; Commissioner Cammermeyer; Commissioner Zaveruha; Chief Executive Officer, Tom Tomasino; Chief Financial Officer, Joe Vessey; Chief Operating Officer, Hank Hanigan; Chief Human Resources Officer, Carolyn Pape; Chief Quality Officer, Teresa Fulton; Controller, Joe Bradick; State Audit Manager, Casey Dwyer; and Assistant State Auditor, Mark Aardal.

Casey Dwyer reported that the one year audit for 2009 has been completed. During the audit they evaluated accountability for public resources and compliance with certain laws and regulations in the following areas:

- Subsidy contracts with physicians
- Foundations
- Medical billing write-offs
- Cabulance cash receipting
- Bid law compliance
- Payroll
- Expenses
- Open Public Meeting Act

Ms. Dwyer stated that there were no findings to report and that all areas that were reviewed have good internal controls and compliance. They do have two recommendations – one exit item and one management letter. They also reviewed the audited financial statements and agreed with the opinion of the CPA. The hospital will receive an electronic version of the audit report in a few weeks. Mark Aardal reported that the Exit Item is in regards to the District's Overtime Policy. The policy defines when overtime is to be paid dependent on the employee's work schedule and eligibility to receive overtime. Employees who work a forty hour work week are to be paid overtime pay for hours worked over forty in one week. However, they found situations where an employee may claim over 40 hours worked in one week on their timesheet but are not eligible for overtime, such as when taking paid time off. These situations are not specifically identified in the District's policy which leaves room for interpretation that may not be within the original intent of the board. They recommend that the District consider revising its overtime policy to ensure it clearly states how to determine when overtime is to be paid and prevent the risk of someone interpreting the policy incorrectly. Mr. Aardal reported that a Management letter has been issued in regards to an improvement in the internal controls of the Cabulance. This situation is not significant enough to include in their report as a finding but they believe that the following five recommendations will assist the District in improving internal controls for the Cabulance. They recommend that the District account for all receipt/invoices issued including deleted transactions to ensure all revenue is collected by the District, that the District ensure all employees are assigned a unique login ID and password for the billing system, that the District comply with its cash-handling policies by ensuring the change fund is counted down and reconciled at the end of each shift, that the District ensure the change fund is adequately secured with limited access when not in use, and that the District ensure that checks accepted at the time of transport are restrictively endorsed upon receipt. Commissioner Zaveruha asked how the Cabulance issue was discovered. Mr. Aardal stated that they use a risk-based approach and that this area had not been audited before so there was potential risk. Commissioner Zaveruha asked if the overtime issue had anything to do with the issue that is being resolved through the ADP Time and Attendance system. Ms. Dwyer stated that it does not. Commissioner Zaveruha asked for clarification on what is meant by compliance. Ms. Dwyer stated that they ensure that the District is in compliance with state laws. Ms. Dwyer also reported that they followed up on their previous audit recommendations regarding the timely filing of annual financial reports and the Small & Attractive asset policy and both issues were resolved. Commissioner Zaveruha asked what was meant by subsidy contracts with physicians. Ms. Dwyer stated that they review the contracts the district enters

into as far as subsidizing physicians and their compliance with state laws. She also stated that if there were further questions that she was available by phone and email.

There being no further business President Tarrant called for a motion to adjourn at 10:15 am. Commissioner Cammermeyer made a motion, seconded by Commissioner Zaveruha to adjourn the meeting. Motion carried.