YAKIMA HEALTH DISTRICT
Yakima County, Washington
January 1, 1991 Through December 31, 1992

Schedule Of Findings

1. Accounts Receivable Controls Should Be Improved

a. As noted in the prior audit of the Yakima Health District, control totals are not maintained for each of its accounts receivable systems. A control total is a necessary part of a receivable system to ensure its integrity.

The district does not maintain control totals because they would have to do this manually and they plan to computerize their receivable systems in the near future.

Failure to maintain control totals results in a significantly greater risk that errors or irregularities could occur and not be detected in a timely manner. Consequently, we consider this condition to be a material weakness in internal controls.

We again recommend that the district:

(1) Establish a control total for each of its accounts receivable systems.

(2) Reconcile the control totals to the subsidiary accounts on a monthly basis.

b. In March 1993, Yakima Health District accounting personnel discovered that a billing clerk had improperly made credit adjustments to numerous customer account receivable balances. The error was discovered when accounting personnel questioned the clerk's request for refunds to more than 200 accounts totaling approximately $12,000.

Subsequently, it was determined that erroneous billing adjustments and refunds had been made during the period January 1992 through April 1993. The district has not determined the specific amount of these refunds; however, it appears they amount to less than $1,200.

The following internal control weaknesses allowed these conditions to occur:

(1) The billing clerk was not adequately familiar with her duties.

(2) Billing adjustments and refund requests were not generally reviewed and approved by personnel other than the billing clerk.

The above conditions resulted in a loss of public funds to the district.

District personnel have undertaken a review of patient accounts to determine the extent of inappropriate billing adjustments and refunds. They have also taken steps to correct the internal control weaknesses.

We recommend that the district:

(1) Ensure that personnel other than the billing clerk review and approve all billing adjustments and refund requests.

(2) Continue in its efforts to identify billing adjustment errors and attempt to recover applicable amounts.

2. Budget Controls Should Be Maintained

During our audit of the Yakima Health District we noted that its 1992 expenditures exceeded budget appropriations by the following amounts:

Fund	Over-Expended Budget
General	$359,233
Home Health	58,424
Regional	12,233
Jail Health	348
Hospice	14,000
Total	$444,238

Expenditures exceeded appropriations because district officials failed to adequately monitor and amend the budget.

The failure of district officials to monitor and amend the budget hinders management of district resources.

In January 1994, the district determined that it had ended 1993 with an operating deficit of approximately $800,000. This deficit, reportedly, resulted from 1993 revenues falling significantly short of budgeted amounts, although expenditures were incurred as though the full amount of budgeted revenues had been received. The district has subsequently taken extreme measures to correct its budget control weaknesses.

We recommend that the district continue to maintain an adequate system of budget control.