

## Response to auditors internal controls advisory regarding financial reporting and review of accounting records.

Date:

The advisory states:

“Timely communication of information is an important component of the internal control structure. Journal entries and bank statements and reconciliations were not reviewed timely during the year. In addition, the board of directors was not receiving financial statements on a timely basis.”

### Response to Advisory: Overview of Relevant Organizational Information

Under certain and very specific conditions and circumstances, this internal control deficiency advisory could be considered unrealistic.

- Because we are an emergency healthcare service organization, we are mandated by the state of Washington to provide our core telephone services 24/7, 365 days per year.
- In addition, we have contractual agreements and Memorandum of Understandings (MOUs) with the state health department and other local health jurisdictions (LHJs) to provide emergency response services for major disasters, large scale communicable disease outbreaks, and/or events requiring public health services.
- By the definition of “emergency response,” the time to activation is usually very short and can be unpredictable, depending on the type and magnitude of the situation.
- Ensuring we have the needed and appropriate personnel and IT/communications infrastructure to guarantee these services is operational, and sometimes means placing priority on call center staffing and programs that are needed emergently for providing safe patient healthcare services, as opposed to administrative responsibilities that do not require emergency completion.
- Fiscal Year ending 2019 was by far one of the most eventful years the Washington Poison Center has experienced due to tremendous growth, other operational events, and state emergency events, some of which were not anticipated. Because of our ongoing growth, upgrades to our systems, processes, and equipment was imperative to maintain and grow our organization in a safe and fiscally responsible manner.
- Recruitment and training of additional poison center call center staff were needed to accommodate the increase in both call volume and call complexity, the latter requiring new and additional training for both new and already experienced poison information specialists.

### Response to Advisory: Specific Circumstances

Below is a list of activities and events that occurred in fiscal year ending 2019 to provide a better understanding of the organization’s environment and circumstances:

- **New Business Manager.** The transition of this new position began during an audit at the beginning of FY2019 (July 2018), replacing her predecessor who had worked at the poison

center for 13 years. However, the position had also evolved to include higher level business acumen and processes, involving more complicated financial accounting and human resources responsibilities. Due to financial restraints, only one person could be hired at the time to fulfill the increasing tasks and responsibilities, given the operational growth. With the additional revenue we were awarded from the state budget in April 2019, we were able to hire additional administrative staff to assist the Business Manager with accounting and HR tasks.

- **Space Remodel.** The WAPC renewed its lease in November 2018 after exploring multiple options for moving to other areas in the area that had lower rental rates. After a detailed financial analysis of other space rental options, we decided to stay in our current space, despite our need for more room. We simply could not afford to move and build out other rental space options without significantly increasing the risk of losing experienced staff due to the location change. We needed to upgrade our furniture so that our staff had ergonomically appropriate workstations, given that they work long hours on the telephone at a desk. Our furniture had not been replaced in 20+ years. The space remodel created displacement for staff in which call staff accommodations were an absolute priority, as opposed to admin staff. Given the required need to be offsite a certain period of time during the remodel and despite our preplanning and offsite accommodations to ensure uninterrupted business and administrative business during this time, certain processes fell behind our usual timely schedule for completion. The remodel and effects of the remodel lasted approximately 3 months, from September to end of November. This displacement occurred during the training period of the new business manager, creating some deficiencies and delays in current processes.
- **Measles Event/Outbreak in LHJ.** During the measles outbreak in January 2019, the poison center was activated by the state Department of Health to provide a 24/7/365 call line to answer calls for this LHJ, allowing staff in the LHJ to conduct public health assessments. This unanticipated outbreak escalated to epidemic proportions quickly, resulting in a governor proclaimed "State of Emergency". This Measles activation became our priority in addition to our paralleled and equal priority of providing 24/7/365 uninterrupted poison helpline services. The WAPC developed a successful surge activation model which the Department of Health has asked us to replicate for future disasters, given the almost seamless, expeditious, and high quality service that we were able to provide to the LHJ but also the state Dept. of Health. Specifically, we hired and trained approximately 50 student contractors to answer the Measles Hotline phones within a 2 day period. Unfortunately, accounting systems and processes were initially put on hold during the early phase of this activation which started in January 18 2019 and continued through middle of March 2019.
- **Recruitment of Additional Organization Staff.** Because of our operational and programmatic growth and expansion, we needed to aggressively recruit additional staff. From January through the end of June, we recruited 6 call center staff and 2 public educators to help us with our call center and other programmatic needs. Recruitment of poison center specialists is very challenging as there are work force shortages for these positions throughout the country. During that time we also lost 4 highly specialized staff members in which we needed to fill in the gaps right away. Given we are a small organization in which departing staff can have a huge impact, our priorities shifted to aggressive HR and staffing to ensure uninterrupted core services.

- **Recruitment of Bookkeeper/Administrative Assistant.** We realized that we needed additional support staff in the Finance/Business Department, given our growth and need for more accounting and HR support. Specifically, we hired a bookkeeper/assistant to ensure back up of accounting and bookkeeping processes so that in the future when priority is placed on program needs, the accounting processes will continue to stay on track. This position started at the end of FY 2019 (e.g. June).
- **Additional Improvements:** In addition to hiring additional accounting/HR support, we have implemented new processes to ensure more timeliness with regards to financial reporting and accuracy in reporting.

While normally these events can cause an enormous impact to an organization in which recovery can take many months to years, we have managed to minimize the amount of recovery needed due for proper business management. These events also helped in our preparation for future events that can have an impact on processes.

Because we take deficiencies in our processes very seriously, we are providing the following solutions to improve our current accounting processes and ensure our internal control policies are adhered to and followed to the absolute best of our abilities.

- **Journal entry reports.** According to our internal controls policy, journal entry reports must be reviewed monthly. However, the monthly reports can be reviewed for the previous month in order to provide consistency and leeway. Because of the nature of our organization and untimely payments and sometimes unknown donations or costs, as well as the need for adjustments through-out the month, it would be impossible to have journal reports reviewed and signed for each current month. Therefore, we will provide timely journal entry reports each month for review based on the procedural tasks requirements listed in our internal policy
- **Bank Statements & Reconciliations.** According to our internal controls policy, bank accounts must be reconciled and reviewed monthly. This is a reasonable expectation and will be adhered to.
- **Current financial reporting.** It is always our desire and goal to ensure current and accurate reporting of financials. Because of this, and with our new additional staff, we now have an accounting process that can ensure more current and timely reporting to the board. However, because the Finance Committee and Board meet on alternating months, the reports will continue to be a month behind. The only way to change this would be for the Finance Committee and Board to meet on a monthly basis. Since the FCM and the Board are volunteers with full time careers, these additional meetings could create an imposition that might dissuade future board recruits. However, to address this, we will upload financials to a secure portal that will be available for all board and committee members to access in the interim.

We hope our response provides more clarity into the past year's events in order to provide assurance to our stakeholders that we consistently strive to ensure professionalism, integrity, commitment, and compassion, not just for public safety, but for the staff who are dedicated and driven to providing quality service to those in need.