



## Board of Directors

### Meeting Agenda

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November 9<sup>th</sup>, 2023

#### **Board of Directors Members Present in Person:**

#### **Members Present via Zoom:**

**North Sound Behavioral Health  
Administrative Services Organization  
(North Sound BH-ASO) Staff Present:**

#### **Guests Present:**

- 1. Call to Order and Introductions** – Chair
- 2. Tribal Acknowledgement** – Chair  
[Tribal Behavioral Health | North Sound BH-ASO \(nsbhaso.org\)](https://nsbhaso.org)
- 3. Revisions to the Agenda** – Chair
- 4. Approval of the October 12th, 2023, Minutes, Motion #23-64** – Chair.....  
Attachment
- 5. State Auditor's Exit Conference** (Available at Meeting) .....Attachments
  - David Yost
- 6. North Sound BH-ASO 2024 Proposed Budget** .....Attachment
  - Chair Announcement: The Public Budget Hearing is now open [Time]
  - Presentation from North Sound BH-ASO: [NS BH-ASO Proposed 2024 Budget.pdf \(nsbhaso.org\)](https://nsbhaso.org)
  - Chair: Any comments from the public?
  - Chair: The Public Hearing on the Budget is now closed [Time]
- 7. Comments & Announcements from the Chair**
- 8. Reports from Members**
- 9. Comments from the Public**

**10. Report from the Advisory Board** (Available at Meeting)..... Attachment

**11. Report from the Finance Officer** ..... Attachment

**12. Report from the Governance Operations Committee**

*All matters listed with the Consent Agenda have been distributed to each Member for reading and study, are considered to be routine, and will be enacted by one action of the Board of Directors with no separate discussion. If separate discussion is desired, the item may be removed from the Consent Agenda and placed on the Regular Agenda by request of a Member.*

**Consent Agenda** .....Attachment

**Motion #23-65**

- To review and approve the North Sound Behavioral Health Administrative Services Organization claims paid from October 1<sup>st</sup>, 2023, through October 31<sup>st</sup>, 2023, in the amount of \$2,823,336.82.
- Payroll for the month of October in the amount of \$184,400.61 and associated employer benefits in the amount of \$89,075.33.

**13. Action Items**

**For Board Approval**

**Recovery Cafés**

North Sound has set aside American Rescue Plan Act (ARPA) funding for the region's Recovery Cafés. The funding is our ARPA Mental Health Block Grant and is a one-time funding allotment. The funding will be used for operational costs at all the cafés.

Below are the allocations:

- New Earth Recovery-Recovery Café Skagit \$154,836
- San Juan County
  - Lopez Island Heart and Soul \$25,777
  - San Juan Joyce L Sobel Family Resource Center/New Day Recovery Café \$52,646
- Everett Recovery Café \$121, 739

**Motion #23-66**

- North Sound BH-ASO-New Earth Recovery-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is November 1, 2023, through October 31, 2024, based on continued compliance with the terms of the contract.

**Motion #23-67**

- North Sound BH-ASO-Lopez Island Heart and Soul-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is November 1, 2023, through October 31, 2024, based on continued compliance with the terms of the contract.

**Motion #23-68**

- North Sound BH-ASO-Joyce L Sobel Family Resource Center-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is November 1, 2023, through October 31, 2024, based on continued compliance with the terms of the contract.

**Motion #23-69**

- North Sound BH-ASO-Everett Recovery Café-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is November 1, 2023, through October 31, 2024, based on continued compliance with the terms of the contract.

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#### **Health Care Authority Off-Cycle Amendment**

HCA is offering an off-cycle amendment to adjust our July 1, 2023, budget as follows:

- Remove \$650,000 in Recovery Navigator Funding
- Remove \$260,440 in Standard Substance Abuse Block Grant
- Add \$739,000 in Proviso 86 Housing Pilot Funding
- Add \$307,600 in COVID SABG Funding

#### **Motion #23-70**

- Health Care Authority-North Sound BH-ASO-K56897 Amendment 1 to provide a budget adjustment for the period of July 1, 2023, and December 31, 2023. The contract period is July 1, 2023, through June 30, 2025.

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#### **North Sound BH-ASO Budget Amendment**

This is a motion to amend the previously adopted motion #23-61 which was passed at the October Board of Directors Meeting. The Skagit County Auditor has required additional language, specifying the amendment is an increase to our annual budget.

*Original Passed Motion #23-61*

*To approve the transfer of \$2,000,000.00 from reserves, \$650,000.00 from RNP restricted reserves, \$550,000.00 from Department of Commerce revenue and \$800,000.00 from unrestricted reserves*

#### **Amendment to previously passed Motion #23-61**

- To authorize an increase of the expense budget by transferring \$2,000,000.00 from reserves, \$650,000.00 from RNP restricted reserves, \$550,000.00 from Department of Commerce revenue and \$800,000.00 from unrestricted reserves.

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### **14. Introduction**

#### **Introduction Items**

#### **The contracts being introduced this month fall into four distinct categories:**

- Health Care Authority (HCA) contracts to include funding for the period of January 1, 2024, through June 30, 2024.
- Downstream contracts for General Fund-State (GF-S) Mandatory Services (Crisis Outreach, Involuntary Treatment Act (ITA) Services, ITA inpatient, Secure Withdrawal Management and Proviso Funding)
- Downstream contracts for Substance Abuse Block Grant (SABG) Priority Services (Pregnant & Parenting Women Housing Services (PPW), Individuals using Intravenous Drugs (IUID) and Opiate Outreach)
- Downstream contracts for GF-S/SABG/Mental Health Block Grant (MHBG) Services within Available Resources (Mental Health & Substance Use Disorder Outpatient, SUD Residential, Triage Services)

The downstream contracts follow the HCA contract. The funding for the downstream contracts is included in the same amendment, which is why you will see the same numbered amendment under a different category of funding. The funding allocations for the downstream contracts will be developed over the next month.

## **Health Care Authority**

K-6897 Amendment is providing the GF-S funding for the period of January 1, 2024, through June 30, 2024, and Federal Block Grant funds for the period of January 1, 2024, through June 30, 2024, for ARPA funds utilization through September 30, 2025.

- New GF-S funding is expected for the period of January – June 2024, however the details have not been provided by HCA to date.

### **Motion #**

- HCA-NS BH-ASO-K-6897-Amendment 1 providing the ASO GF-S funding and legislative proviso funds for the period of January 1, 2024, through June 30, 2024, and Federal Block Grant Funding for the period of January 1, 2024, through June 30, 2025, and September 30, 2025.

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## **GF-S Mandatory Services**

The following contracts provide mandatory behavioral health services. Funding for GF-S services is allocated every six (6) months.

- Compass Health
  - Mobile Crisis Outreach Teams, ITA services, Child Youth and Family Crisis Outreach Team, Program for Assertive Community Treatment (PACT), Evaluation and Treatment Services, E&T Discharge Planners, Whatcom Triage,
- Snohomish County
  - Mobile Crisis Outreach, ITA services
  - Proviso Funding-Jail Transition Services, Designated Cannabis Account, Trueblood Funds
- Volunteers of America
  - Toll Free Crisis Hotline
  - Crisis follow-up Services
- Telecare
  - Evaluation and Treatment Services, E&T Discharge Planners
- Lifeline Connections
  - PACT
- Snohomish County Superior Court
  - Juvenile Treatment Services
- Island County
  - Proviso Funding-Jail Transition Services, Designated Cannabis Account, Trueblood Funds
- San Juan County
  - Proviso Funding-Jail Transition Services, Designated Cannabis Account
- Skagit County
  - Proviso Funding-Jail Transition Services, Designated Cannabis Account, Trueblood Funds
- Whatcom County
  - Proviso Funding-Jail Transition Services, Designated Cannabis Account, Trueblood Funds

### **Motion #**

- NS BH-ASO-Compass Health-ICCN-23 Amendment 3 to provide funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Snohomish County-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-VOA-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Telecare-ICCN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

- NS BH-ASO-Lifeline Connections-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Snohomish County Superior Court-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Island County-ICN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-San Juan County-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Skagit County-Interlocal-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Whatcom County-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 30, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

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#### **Substance Abuse Block Grant (SABG) & Mental Health Block Grant (MHBG) Priority Services**

The following contracts are providing SABG priority Services:

- Brigid Collins
  - Pregnant and Parenting Women (PPW) Housing Support Services
- Evergreen Recovery Centers
  - PPW Housing Support Services
- Catholic Community Services
  - PPW Housing Support Services
- Compass Health
  - San Juan HARPS subsidies
  - Certified Peers on Mobile Crisis Teams
- Island County
  - Opiate Outreach, HARPS subsidies
- Community Action of Skagit County
  - Opiate Outreach
- Snohomish County
  - Opiate Outreach
- Whatcom County
  - Opiate Outreach
- Telecare Corp.
  - Peer Bridger Program, Peer Bridger Participant Relief Funds

#### **Motion #**

- NS BH-ASO-Brigid Collins-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

- NS BH-ASO-ERC-ICN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-CCS NW-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Compass Health-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Island County-ICN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-CASC-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Snohomish County-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Whatcom County-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Telecare-FBG-23 Amendment 2 to provide additional funding to Peer Bridger services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

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#### **GF-S/SABG/MHBG Services within Available Resources**

- Compass Health
  - SUD outpatient services in San Juan County
  - Whatcom County Triage
- Conquer
  - Startup funds in the amount of \$710,532 for the Assisted Outpatient Program in Snohomish County
- Evergreen Recovery Centers
  - Withdrawal Management Services
  - Mental Health Infant Specialist
  - Homeless Outreach and Stabilization Team (HOST)
- Island County
  - Co-Responder project
- Lake Whatcom Center
  - PACT
  - Mental Health outpatient services
  - Substance Use outpatient services
- Pioneer Human Services
  - Island, Skagit & Whatcom withdrawal management services
- Snohomish County
  - Co-Responder project
- Whatcom County
  - Co-responder project

Motion #

- NS BH-ASO-Compass Health-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- North Sound BH-ASO-Conquer Addiction-ICN-23 Amendment 1 to provide start-up funds for AOT services in Snohomish County. The contract term is August 1, 2023, through July 31, 2024, with an automatic one-year renewal on August 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-ERC-ICN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Island County-ICN-23 Amendment 3 to provide the funding for co-responder services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-LWC-ICN-19-22 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-PHS-ICN-23 Amendment 2 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Snohomish County-ICCN-23 Amendment 3 to provide the funding to continue services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.
- NS BH-ASO-Whatcom County-ICN-23 Amendment 2 to provide the funding co-responder services under this contract. The contract term is January 1, 2023, through December 31, 2025, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

## **15. Report from the Executive Director ..... Attachment**

## **16. Adjourn**

*Next Meeting: December 14<sup>th</sup>, 2023*



## Board of Directors

### Meeting Agenda

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October 12<sup>th</sup>, 2023

#### **Board of Directors Members Present in Person:**

- **Peter Browning**, Commissioner;  
Skagit County, Board Chair
- **George Kosovich**, Public Health,  
Skagit County; designated  
alternate for Peter Browning,  
Commissioner

#### **Members Present via Zoom:**

- **Sam Low**, County Executive;  
Snohomish County
- **Barry Buchanan**, County Council;  
Whatcom County
- **Cammy Hart-Anderson**, Human Services,  
designated alternate for Dave Somers  
County Executive, Snohomish County
- **Jami Mitchell**, Human Services  
Manager, San Juan County; designated  
alternate for Jane Fuller, County  
Council
- **Perry Mowery**, Behavioral Health  
Supervisor, designated alternate for  
Satpal Sidhu, County Executive;  
Whatcom County
- **Pat O'Maley Lanphear**, North Sound  
BH-ASO Advisory Board Chair

#### **North Sound Behavioral Health Administrative Services Organization (North Sound BH-ASO) Staff Present:**

- **Darrell Heiner**, Senior Accountant, North  
Sound BH-ASO
- **Margaret Rojas**, Assistant Executive  
Director, North Sound BH-ASO
- **JanRose Ottaway Martin**, Executive  
Director, North Sound BH-ASO
- **Charles DeElena**, Business Improvement  
Manager/Compliance Officer, North  
Sound BH-ASO
- **Maria Arreola**, Senior Administrative  
Assistant



## **Guests Present:**

- Lori Fleming, Snohomish County HRSA

## **Call to Order and Introductions –**

Chair called the meeting to order and introductions were made.

## **Tribal Acknowledgement**

[Tribal Behavioral Health | North Sound BH-ASO \(nsbhaso.org\)](https://nsbhaso.org)

[The Chair read the Tribal Acknowledgement](#)

## **Revisions to the Agenda**

The Chair asked if there were any revisions to the agenda. There were none mentioned.

## **Approval of the September 14th, 2023, Minutes, Motion #23-55**

Cammy Hart-Anderson moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-55 carried.

## **Comments & Announcements from the Chair**

Chair noted JanRose first official meeting today. Chair shed light on the things that matter.

## **Reports from Members**

Updates were given from the respective counties regarding the latest happenings around behavioral substance use disorder activities.

## **Comments from the Public**

No comments from the public were made.

## **Annual Compliance Training**

### **Charles DeElena, Compliance Officer, NS BH-ASO**

Charles reviewed the Centers for Medicare and Medicaid Services (CMS) training requirements as well as the attestation form. Joanie will send the attestation forms that will be due December 1.

## **Report from the Advisory Board**

Pat O'Maley-Lanphear provided the brief form Advisory Board Meeting.

## **Report from the Finance Officer**

Margaret gave the report from the Finance Officer. She covered the topics listed.

## **Report from the Governance Operations Committee**

*All matters listed with the Consent Agenda have been distributed to each Member for reading and study, are considered to be routine, and will be enacted by one action of the Board of Directors with no separate discussion. If separate discussion is desired, the item may be removed from the Consent Agenda and placed on the Regular Agenda by request of a Member.*

## Consent Agenda

### Motion #23-56

- To review and approve the North Sound Behavioral Health Administrative Services Organization claims paid from September 1<sup>st</sup>, 2023, through September 30<sup>th</sup>, 2023, in the amount of \$4,35,222.06. Payroll for the month of September in the amount of \$179,489.75 and associated employer benefits in the amount of \$84,994.48.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-56 carried.

## Action Items

### For Board Approval

#### Health Care Authority (HCA)

This is the continuing contract for Projects for Assistance in Transition from Homelessness (PATH). This is an outreach program targeting individuals with a serious mental illness who are unhoused. The annual funding for this service is \$219,026.

The continuing contract for Peer Pathfinder Homeless Outreach Programs. Funding is used to support outreach and engagement services for those who are, or who are at risk of homelessness and have or are suspected to have an Opiate Use Disorder and/or stimulant use disorder. The annual funding for these services is \$117,207.

### Motion #23-57

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-57 carried.

- HCA-North Sound BH-ASO-PATH-23 for the purpose of funding PATH services in Snohomish County. The contract term is October 1, 2023, through September 30, 2024.

### Motion #23-58

- HCA-North Sound BH-ASO-K6453-23 for the purpose of providing peer pathfinder services in Whatcom County. The term of the contract is September 30, 2023, through September 29, 2024.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-58 carried.

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**The following two contracts are the downstream contracts for PATH and Peer Pathfinder services.**

#### Bridgeways

Bridgeways is the provider of PATH services in Snohomish County. The annual funding amount is \$219,026 of grant funding and \$73,000 in State funds for case management services for a total of \$292,034.

### Motion #23-59

- North Sound BH-ASO-Bridgeways-PATH-23 for the purpose of providing PATH outreach and case management services in Snohomish County. The term of this agreement is October 1, 2023, through September 30, 2024, based on continued compliance with the terms of the contract.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-59 carried.

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### **Lifeline Connections**

Lifeline Connections is the provider of Peer Pathfinder Services. The annual funding for this contract is \$117, 207.

### **Motion #23-60**

- NS BH-ASO-Lifeline Connections-FBG-23 Amendment 1 to provide funding to the Peer Path Finder services under this contract. The contract term is January 1, 2023, through December 31, 2023, with an automatic one-year renewal on January 1, 2024, based on continued compliance with the terms of the contract.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-60 carried.

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### **North Sound BH-ASO Administrative Budget Amendment**

These are the factors requiring a budget amendment-

- Skagit County will not pay our warrants if our budget revenues and expenses are not balanced.
- Significant expenses, such as IT servers, repayment of 650K+ of Recovery Navigator Program (RNP) funds to HCA and professional services for recruitment and a needs assessment are major factors.
- We also received new revenue in the amount of \$550K, from the Department of Commerce (DOC) Grant which needs to be noted in the budget.
- The ASO has the funds to cover the expenses, we only need to amend our budget to show the Skagit County Treasurer the funds are available to pay our bills. We are requesting \$2M to be moved from reserves, \$650K of restricted funds from the RNP, \$550K from new revenue (DOC) and \$800K from unrestricted reserves.

### **Motion #23-61**

- To approve the transfer of \$2,000,000.00 from reserves, \$650,000.00 from RNP restricted reserves, \$550,000.00 from Department of Commerce revenue and \$800,000.00 from unrestricted reserves.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-61 carried.

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### **North Sound BH-ASO Investment Agreement**

The Skagit County Investment Pool (the SKIP) is an investment pool consisting of public funds offered by the Skagit County Treasurer and authorized under RCW's 36.29.020, 36.29.022 and 36.29.024. Participants of the investment pool may include, but not limited to, county departments, and Junior taxing districts. North Sound BH-ASO has been a member of the pool for several years. The county has changed its investment firm and has updated the operating agreement which requires Board action for our continued participation.

The Skagit County Treasurer's office charges pool participants a fee representing administration and recovery costs associated with the operation of the pool. In accordance with RCW 36.29.024, this fee is intended to reflect the Skagit County Treasurer's actual direct expense and out-of-pocket cost of administering the pool.

- Skagit County Treasurer requires a Board resolution/motion to state the following:
  - North Sound BH-ASO Board of Directors hereby authorizes the contribution and withdrawal of North Sound BH-ASO monies in the SKIP in a manner prescribed by law, rule and the SKIP Operating Terms and Conditions; and
  - North Sound BH-ASO Board of Directors shall appoint investment officers, identified as follows:
    - Kimberly Nakatani, Accountant (Primary)
    - Shari Downing, Accounting Specialist (Secondary)

### **Motion#23-62**

- To authorize North Sound BH-ASO to enter into an agreement with SKIP for investments of North Sound BH-ASO public funds.

Barry Buchanan moved the motion for approval, Perry Mowery seconded, all in favor, none opposed, no abstentions. Motion #23-62 carried.

#### **Motion#23-63**

- To authorize the appointment of a primary and secondary Investment officer for the purpose of SKIP.

Perry Mowery moved the motion for approval, Barry Buchanan seconded, all in favor, none opposed, no abstentions. Motion #23-63 carried.

## **Introduction Items**

### **Recovery Cafés**

North Sound has set aside American Rescue Plan Act (ARPA) funding for the region's Recovery Cafés. The funding is our ARPA Substance Abuse Block Grant and is a one-time funding allotment. The funding will be used for operational costs at all the cafés.

Below are the allocations:

- New Earth Recovery-Recovery Café Skagit **\$154,836**
- San Juan County
  - Lopez Island Heart and Soul **\$25,777**
  - San Juan Joyce L Sobel Family Resource Center/New Day Recovery Café **\$52,646**
- Everett Recovery Café **\$121, 739**

#### **Motion#**

North Sound BH-ASO-New Earth Recovery-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is October 1, 2023, through September 30, 2024, based on continued compliance with the terms of the contract.

#### **Motion#**

North Sound BH-ASO-Lopez Island Heart and Soul-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is October 1, 2023, through September 30, 2024, based on continued compliance with the terms of the contract.

#### **Motion #**

North Sound BH-ASO-Joyce L Sobel Family Resource Center-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is October 1, 2023, through September 30, 2024, based on continued compliance with the terms of the contract.

#### **Motion #**

North Sound BH-ASO-Everett Recovery Café-PSC-23 to provide funding for the Recovery Café in Mount Vernon. The term of this agreement is October 1, 2023, through September 30, 2024, based on continued compliance with the terms of the contract.

## **Report from the Executive Director**

The Report from the Executive Director was given by JanRose.

Topics included:

- Opioid Abatement Council
- Western State Hospital, the Pechman Ruling Update, and new Olympic Heritage Facility
- Ituha Facility
- Skagit County Prosecuting Attorney's Office and Involuntary Treatment Act Cases
- State Auditor's Office (SAO) Final Report Out
- Federal Government Shutdown and Medicaid Unwinding

## **Adjourn**

*Next Meeting:* November 9<sup>th</sup>, 2023



## North Sound BH-ASO

2021 E. College Way, Suite 101, Mt. Vernon, WA 98273

Phone: (360) 416-7013 Fax: (360) 899-4754

[www.nsbhaso.org](http://www.nsbhaso.org)

November 9, 2023

Office of the Washington State Auditor  
11 Bellwether Way  
Suite 211  
Bellingham, WA 98225

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of North Sound Behavioral Health-Administrative Services Organization for the period from January 1, 2022 through December 31, 2022. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

### **General Representations:**

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
  - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.



- e. Related party relationships and transactions.
  - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
- 
- 2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
  - 3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
  - 4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
  - 5. Except as reported by the audit, we have complied with all material aspects of laws, regulations, contracts and grant agreements.
  - 6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
  - 7. Except as reported by the audit, we have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
  - 8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
  - 9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.
  - 10. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings, and we have provided you with all the information on the status of the follow-up on prior audit findings.

**Additional representations related to the financial statements:**

- 11. We acknowledge our responsibility for fair presentation of financial statements and believe financial statements are fairly presented in conformity with generally accepted accounting principles in the United States of America.

12. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.
13. The financial statements include financial information of the primary government and all component units, fiduciary and other activity required by generally accepted accounting principles to be included in the financial reporting entity.
14. The financial statements properly classify all funds and activities.
15. All funds that meet the quantitative criteria in GASB requirements or are otherwise particularly important to financial statement users, are presented as major funds.
16. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and depreciated as applicable.
17. We have no plans or intentions that may materially affect the reported value or classification of assets, liabilities or net position.
18. Revenues are appropriately classified by fund and account.
19. Expenses have been appropriately classified by fund and account, and allocations have been made on a reasonable basis.
20. Net position components (net investment in capital assets, restricted and unrestricted) and fund balance components (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, as applicable, approved.
21. Significant assumptions we used in making accounting estimates are reasonable.
22. The following have been properly classified, reported and disclosed in the financial statements, as applicable:
  - a. Interfund, internal, and intra-entity activity and balances.
  - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - c. Joint ventures and other related organizations.
  - d. Guarantees under which the government is contingently liable.
  - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
  - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements, and other loss contingencies.



23. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.
24. We acknowledge our responsibility for reporting supplementary information (the Schedule of Expenditures of Federal Awards) in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
25. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
26. We acknowledge our responsibility for the supplementary information required by generally accepted accounting principles in the United States (RSI) and believe RSI is measured and presented within prescribed guidelines.
27. We have disclosed to you all significant changes in the methods of measurement and presentation of RSI, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the RSI.
28. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to each applicable opinion unit.
29. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

**Additional representations related to expenditures under federal grant programs:**

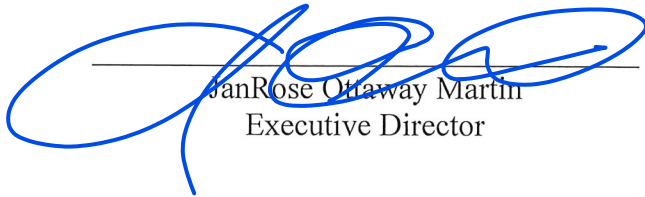
30. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.
31. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
  - a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and vendors, and correspondence.
  - b. All communications from federal awarding agencies, vendors, service organizations or pass-through entities concerning possible noncompliance.

- c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
  - d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
  - e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.
32. Except as reported by the audit, we have identified and complied with all direct and material compliance requirements of federal awards.
33. Management is responsible for establishing effective internal control and has, except as reported by the audit, maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.
34. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.
35. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.
36. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.

**Additional representations related to federal grants passed through to subrecipients:**


37. We have advised our subrecipients of requirements imposed on them by Federal laws, regulations, contracts or grant agreements as well as any supplemental requirements we impose as a condition of receiving Federal awards.
38. We have monitored the activities of our subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, contracts or grant agreements.
39. We have determined that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of 2 CFR § 200.501 for that fiscal year.

40. When applicable, we have issued a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensured that the subrecipient has taken appropriate and timely corrective action.
41. We have considered the results of our subrecipients' audits and made any necessary adjustments to our own accounting records.



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JanRose Ottaway Martin  
Executive Director



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Darrell Heiner  
Senior Accountant



## Office of the Washington State Auditor

### Pat McCarthy

## **Exit Conference: North Sound Behavioral Health – Administrative Services Organization**

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

### **Audit Reports**

We will publish the following reports:

- Financial statement and federal grant compliance audits for January 1, 2022 through December 31, 2022 – see draft report.

### **Audit Highlights**

We would like to thank Senior Accountant Darrell Heiner for quickly providing us all requested items and updating the financial statements.

### **Recommendations not included in the Audit Reports**

#### **Management Letter**

Management letters communicate control deficiencies, non-compliance or abuse with a less-than-material effect on the financial statements or other items significant to our audit objectives. Management letters are referenced, but not included, in the audit report. We noted certain matters that we are communicating in a letter to management related to subrecipient monitoring.

#### **Exit Items**

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

### **Financial Statement Audit Communication**

We would like to bring the following to your attention:

- We didn't identify any material misstatements during the audit.
- There were no uncorrected misstatements in the audited financial statements.
- The audit addressed the following risks, which required special consideration:

- Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override.
- The Organization adopted new accounting guidance by implementing the provisions of GASB statement No.87 Leases, which establishes standards for the accounting of leases. The implementation of this statement changed the presentation and disclosure of leases. This change necessitated the auditor to assess the risk related to the implementation of this accounting standard.

## **Finalizing Your Audit**

### **Report Publication**

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal>.

### **Management Representation Letter**

We have included a copy of representations requested of received from management.

### **Audit Cost**

At the entrance conference, we estimated the cost of the audit to be \$51,500 and actual audit costs will approximate that amount.

### **Your Next Scheduled Audit**

Your next audit is scheduled to be conducted in 2024 and will cover the following general areas:

- Accountability for Public Resources
- Financial Statement
- Federal Programs

The estimated cost for the next audit based on current rates is \$61,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

## **Working Together to Improve Government**

### **Audit Survey**

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

### **Local Government Support Team**

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

### **The Center for Government Innovation**



The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at [Center@sao.wa.gov](mailto:Center@sao.wa.gov).

### **Questions?**

Please contact us with any questions about information in this document or related audit reports.

**Kelly Collins, CPA, CFE, Director of Local Audit, (564) 999-0807, [Kelly.Collins@sao.wa.gov](mailto:Kelly.Collins@sao.wa.gov)**

**Wendy Choy, Assistant Director of Local Audit, (425) 502-7067, [Wendy.Choy@sao.wa.gov](mailto:Wendy.Choy@sao.wa.gov)**

**Deena Garza, Audit Manager (360) 676-2165 or [Deena.Garza@sao.wa.gov](mailto:Deena.Garza@sao.wa.gov)**

**Scott Hylton, CPA, Assistant Audit Manager (360) 676-2165 or [Scott.Hylton@sao.wa.gov](mailto:Scott.Hylton@sao.wa.gov)**

**David Yost, (360) 676-2165 or [David.Yost@sao.wa.gov](mailto:David.Yost@sao.wa.gov)**



Office of the Washington State Auditor  
Pat McCarthy

**Preliminary Draft - Please do not duplicate, distribute, or disclose.**

## **Financial Statements and Federal Single Audit Report**

# **North Sound Behavioral Health Administrative Services Organization**

**For the period January 1, 2022 through December 31, 2022**

*Published (Inserted by OS)*

Report No. 1033541



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we're helping advance  
#GoodGovernment



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

Issue Date – (Inserted by OS)

Board of Directors  
North Sound Behavioral Health Administrative Services Organization  
Mount Vernon, Washington

**Report on Basic Financial Statements and Federal Single Audit**

Please find attached our report on the North Sound Behavioral Health Administrative Services Organization's basic financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Organization's financial condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*



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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the North Sound Behavioral Health Administrative Services Organization are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Basic Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the basic financial statements of the Organization.

#### Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Organization’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following programs were selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Organization did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

# North Sound BH-ASO

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 (360) 899-4754  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2021 through December 31, 2021	<b>Report Ref. No.:</b> 1031588	<b>Finding Ref. No.:</b> 2021-001
<b>Finding Caption:</b> The Organization lacked adequate internal controls for ensuring accurate financial reporting.		
<b>Background:</b> The Organization did not appropriately evaluate its net position classifications to ensure they were accurately reported and agreed with underlying accounting records. The Organization did not correctly report the amount for deferred inflows on the Statement of Net Position. The Organization also did not evaluate its net position and fund balances to ensure all amounts with external restrictions were reported as restricted in accordance with GAAP.		
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
<b>Corrective Action Taken:</b> <i>In late 2022 North Sound BH-ASO hired an additional Accountant to assist with the financial statement review process. The accountant has been in training for the first 6 months of 2023 and is now providing accounting reviews for the team. It is the expectation she will be reviewing the Senior Accountants' work on the 2024 financial statements.</i>		

## INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

### North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022

Board of Directors

North Sound Behavioral Health Administrative Services Organization

Mount Vernon, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of the North Sound Behavioral Health Administrative Services Organization, as of and for the year ended December 31, 2022, and the related notes to the basic financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November 9, 2023.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the basic financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's basic financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

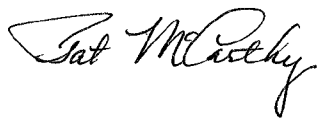
## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Organization's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

November 9, 2023

## INDEPENDENT AUDITOR'S REPORT

### Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

#### North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022

Board of Directors  
North Sound Behavioral Health Administrative Services Organization  
Mount Vernon, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

#### Opinion on Each Major Federal Program

We have audited the compliance of the North Sound Behavioral Health Administrative Services Organization, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Organization's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Other Matters

We noted certain matters related to compliance that we have reported to the management of the Organization in a separate letter dated November 9, 2023.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

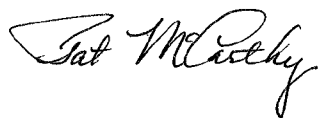
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

November 9, 2023

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Basic Financial Statements

#### **North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022**

Board of Directors

North Sound Behavioral Health Administrative Services Organization

Mount Vernon, Washington

### **REPORT ON THE AUDIT OF THE BASIC FINANCIAL STATEMENTS**

#### **Opinions**

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the North Sound Behavioral Health Administrative Services Organization, as of and for the year ended December 31, 2022, and the related notes to the basic financial statements, which collectively comprise the Organization's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the North Sound Behavioral Health Administrative Services Organization, as of December 31, 2022, and the respective changes in financial position thereof, and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Basic Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management for the Basic Financial Statements**

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Basic Financial Statements**

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Organization's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

November 9, 2023

## **FINANCIAL SECTION**

### **North Sound Behavioral Health Administrative Services Organization January 1, 2022 through December 31, 2022**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2022

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2022

Statement of Activities – 2022

Balance Sheet - Governmental Funds – 2022

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net  
Position – 2022

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Funds – 2022

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities – 2022

Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual  
General Fund – 2022

Notes to Financial Statements – 2022

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of Net Pension Liability – PERS 1 & PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1 & PERS 2/3 – 2022

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

## 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](http://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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- Main telephone:  
(564) 999-0950
- Toll-free Citizen Hotline:  
(866) 902-3900
- Email:  
[webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov)





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

November 9, 2023

Board of Directors  
North Sound Behavioral Health Administrative Services Organization  
Mount Vernon, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our single audit of North Sound Behavioral Health Administrative Services Organization from January 1, 2022 through December 31, 2022. We believe our recommendations will assist you in improving the Organization's internal controls and compliance in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to Organization officials and personnel. If you have any further questions, please contact me at (360) 676-2165.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for their cooperation and assistance during the audit.

Sincerely,

Deena Garza, Audit Manager

Attachment

## Management Letter

North Sound Behavioral Health Administrative Services Organization

January 1, 2022 through December 31, 2022

### **Subrecipient Monitoring**

The Organization participates in the Block Grants for Prevention and Treatment of Substance Abuse (SABG) program, ALN 93.959, and spent \$4,332,293 of program funds and passed \$1,486,835 through to subrecipients in 2022.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), requires federal award recipients to establish and follow internal controls, and to monitor subrecipients to ensure compliance with federal grant requirements. This includes providing subrecipients with program requirements, performing risk assessments to determine the appropriate level of monitoring, reviewing financial, performance, and special reports to monitor program compliance, ensuring that each subrecipient receives a single audit when required, and issuing management decisions for any audit findings reported.

During our audit, we identified an internal control deficiency and noncompliance related to the Organization's subrecipient monitoring for this grant. The Organization had seven subrecipient contracts with four applicable subrecipients during fiscal year 2022. Our audit found the Organization provided subrecipients with program requirements, performed risk assessments, and monitored subrecipients' financial, single audit, and other reports for program compliance. However, we found the Organization either did not include or included incorrect information for the required contract elements in each of the seven contracts, such as the ALN, the federal agency's information, the federal award project name, and the federal award date. Additionally, the Organization did not document one risk assessment.

We have communicated this recommendation to the Organization consistently over the past seven audits either as an exit item or in a management letter.

We continue to recommend the Organization include all required contract elements with applicable information to ensure appropriate communication with subrecipients. We also recommend the Organization document its risk assessments for all subrecipients.



## North Sound BH-ASO

2021 E. College Way, Suite 101, Mt. Vernon, WA 98273

Phone: (360) 416-7013 Fax: (360) 899-4754

[www.nsbhaso.org](http://www.nsbhaso.org)

November 9, 2023

Office of the Washington State Auditor  
11 Bellwether Way  
Suite 211  
Bellingham, WA 98225

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of North Sound Behavioral Health-Administrative Services Organization for the period from January 1, 2022 through December 31, 2022. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

### **General Representations:**

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
  - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.

- e. Related party relationships and transactions.
  - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
- 
- 2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
  - 3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
  - 4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
  - 5. Except as reported by the audit, we have complied with all material aspects of laws, regulations, contracts and grant agreements.
  - 6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
  - 7. Except as reported by the audit, we have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
  - 8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
  - 9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.
  - 10. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings, and we have provided you with all the information on the status of the follow-up on prior audit findings.

**Additional representations related to the financial statements:**

- 11. We acknowledge our responsibility for fair presentation of financial statements and believe financial statements are fairly presented in conformity with generally accepted accounting principles in the United States of America.

12. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.
13. The financial statements include financial information of the primary government and all component units, fiduciary and other activity required by generally accepted accounting principles to be included in the financial reporting entity.
14. The financial statements properly classify all funds and activities.
15. All funds that meet the quantitative criteria in GASB requirements or are otherwise particularly important to financial statement users, are presented as major funds.
16. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and depreciated as applicable.
17. We have no plans or intentions that may materially affect the reported value or classification of assets, liabilities or net position.
18. Revenues are appropriately classified by fund and account.
19. Expenses have been appropriately classified by fund and account, and allocations have been made on a reasonable basis.
20. Net position components (net investment in capital assets, restricted and unrestricted) and fund balance components (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, as applicable, approved.
21. Significant assumptions we used in making accounting estimates are reasonable.
22. The following have been properly classified, reported and disclosed in the financial statements, as applicable:
  - a. Interfund, internal, and intra-entity activity and balances.
  - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - c. Joint ventures and other related organizations.
  - d. Guarantees under which the government is contingently liable.
  - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
  - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements, and other loss contingencies.



23. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.
24. We acknowledge our responsibility for reporting supplementary information (the Schedule of Expenditures of Federal Awards) in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
25. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
26. We acknowledge our responsibility for the supplementary information required by generally accepted accounting principles in the United States (RSI) and believe RSI is measured and presented within prescribed guidelines.
27. We have disclosed to you all significant changes in the methods of measurement and presentation of RSI, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the RSI.
28. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to each applicable opinion unit.
29. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

**Additional representations related to expenditures under federal grant programs:**

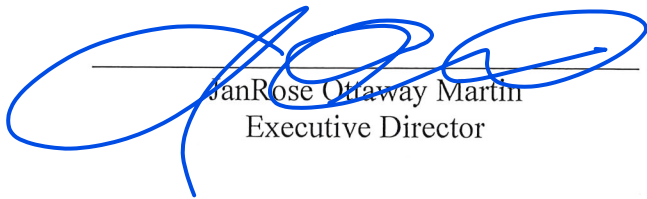
30. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.
31. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
  - a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and vendors, and correspondence.
  - b. All communications from federal awarding agencies, vendors, service organizations or pass-through entities concerning possible noncompliance.

- c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
  - d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
  - e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.
32. Except as reported by the audit, we have identified and complied with all direct and material compliance requirements of federal awards.
33. Management is responsible for establishing effective internal control and has, except as reported by the audit, maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.
34. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.
35. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.
36. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.

**Additional representations related to federal grants passed through to subrecipients:**

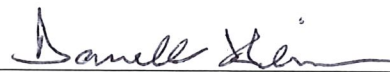
37. We have advised our subrecipients of requirements imposed on them by Federal laws, regulations, contracts or grant agreements as well as any supplemental requirements we impose as a condition of receiving Federal awards.
38. We have monitored the activities of our subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, contracts or grant agreements.
39. We have determined that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of 2 CFR § 200.501 for that fiscal year.

40. When applicable, we have issued a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensured that the subrecipient has taken appropriate and timely corrective action.
41. We have considered the results of our subrecipients' audits and made any necessary adjustments to our own accounting records.



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JanRose Ottaway Martin  
Executive Director



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Darrell Heiner  
Senior Accountant



# Exit Conference

North Sound Behavioral Health – Administrative Services Organization

November 9, 2023



Office of the  
Washington  
State Auditor  
Pat McCarthy

Deena Garza  
*Audit Manager*

Scott Hylton  
*Audit Supervisor*

David Yost  
*Audit Lead*

*Disclaimer: This presentation is intended to be viewed in conjunction with the complete packet of exit materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing [PublicRecords@sao.wa.gov](mailto:PublicRecords@sao.wa.gov).*

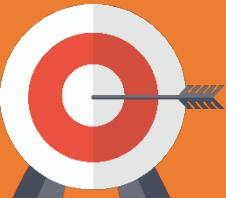
# Results that Matter



**Increased trust in government**



**Independent, transparent examinations**



**Improved efficiency and effectiveness of government**



Pat McCarthy  
State Auditor



# Center for Government Innovation Resources

## Strengthening internal controls



## Minimizing cybersecurity risks



# Thank You!



We would like to thank Senior Accountant Darrell Heiner for quickly providing us all requested items and updating the financial statements.

# Financial Audit Results

January 1, 2022 through December 31, 2022



## Unmodified Opinion Issued

- Opinion issued in accordance with U.S. GAAP
- Audit conducted in accordance with *Government Auditing Standards*

## Internal Control and Compliance over Financial Reporting

- We reported no significant deficiencies in internal control
- We identified no deficiencies that we consider to be material weaknesses.
- We noted no instances of noncompliance that were material to the financial statements of the Organization

# Financial Audit Results



The audit addressed the following risks, which required special consideration:

Management override of controls

GASB 87- Lease Disclosure

# Financial Audit Results



## Required Communications

- We did not identify any material misstatements during the audit.
- No uncorrected misstatements have been identified.

# Major Programs Selected for Audit



ALN	Program or Cluster Title	Total Amount Expended
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	\$4,332,293

These costs amount to approximately 56 percent of the total federal expenditures for 2022.



# Federal Grant Compliance Audit Results

January 1, 2022 through December 31, 2022



## Unmodified Opinion Issued

- Opinion issued on the Organization's compliance with requirements applicable to its major program
- Audit conducted in accordance with *Government Auditing Standards* and the Uniform Guidance

## Internal Control and Compliance over Major Programs

- We reported no significant deficiencies in internal control
- We identified no deficiencies that we consider to be material weaknesses
- We noted no instances of noncompliance that are required to be reported

# Subrecipient Monitoring– Management Letter



## Management Letter

North Sound Behavioral Health Administrative Services Organization  
January 1, 2022 through December 31, 2022

### Subrecipient Monitoring

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During our audit, we identified an internal control deficiency and noncompliance related to the Organization's subrecipient monitoring for this grant. The Organization had seven subrecipient contracts with four applicable subrecipients during fiscal year 2022. Our audit found the Organization provided subrecipients with program requirements, performed risk assessments, and monitored subrecipients' financial, single audit, and other reports for program compliance. However, we found the Organization either did not include or included incorrect information for the required contract elements in each of the seven contracts, such as the ALN, the federal agency's information, the federal award project name, and the federal award date. Additionally, the Organization did not document one risk assessment.

We have communicated this recommendation to the Organization consistently over the past seven audits either as an exit item or in a management letter.

We continue to recommend the Organization include all required contract elements with applicable information to ensure appropriate communication with subrecipients. We also recommend the Organization document its risk assessments for all subrecipients.

Please see page 23  
& 24 of your exit  
packet to view the  
details of this  
recommendation

# Report Publication

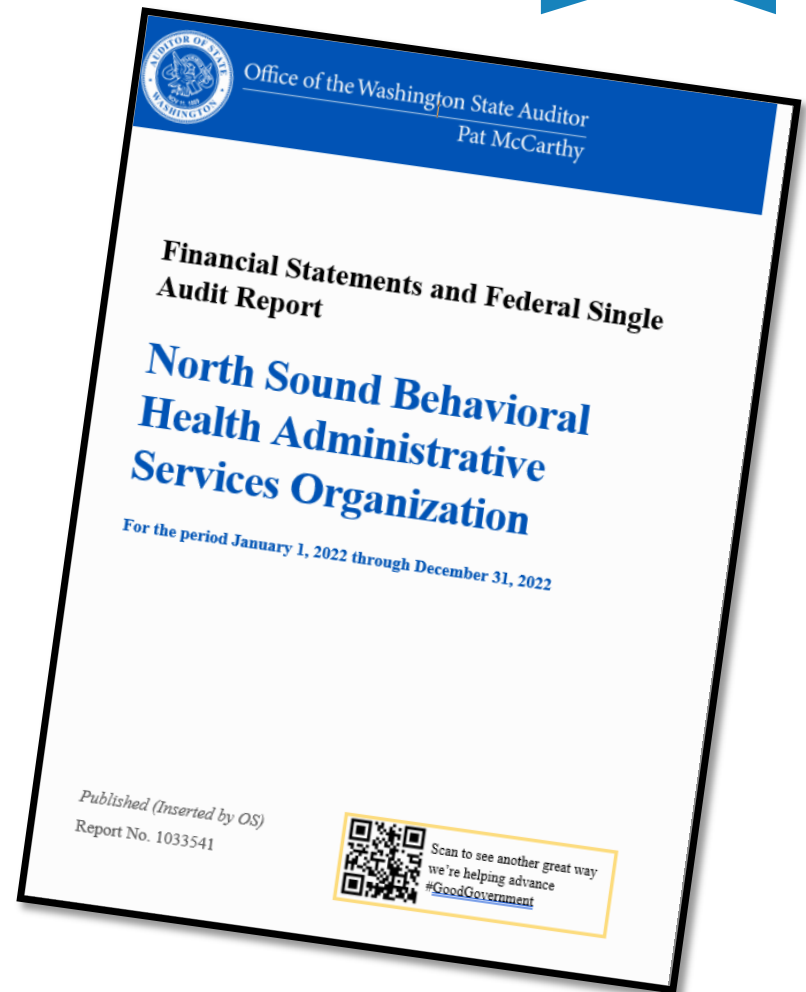
- ✓ Audit reports are published on our website.
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<https://sao.wa.gov/about-sao/sign-up-for-news-alerts/>

## Audit Survey

When your report is released, you will receive an audit survey from us.

We value your opinions on our audit services and hope you provide feedback.



# Closing Remarks

Audit costs are in alignment with our original estimate.

Next audit will be conducted in 2024

- Accountability for public resources
- Financial statement
- Federal programs

An estimated cost for the next audit has been provided in our exit packet.





# Questions?



Contact Program Manager Deena Garza

[Deena.Garza@sao.wa.gov](mailto:Deena.Garza@sao.wa.gov)

(360) 676-2165



# 2024 North Sound BH-ASO Proposed Operating Budget Overview

Presented by:

JanRose Ottaway Martin, Executive Director

Margaret Rojas, Assistant Director

# Agenda

- Budget Highlights
- Key Events
- 2024 Strategic Goals
- Revenues and Expenditures 2023 vs. 2024 Budget
- Revenue Forecast
- 2024 Organizational Chart

# Budget Highlights

- 2024 will be our 5<sup>th</sup> year of operation as a BH-ASO
- Administering the Crisis Services system continues to be our core responsibility
- The legislature continues to add new programs and funding to expand the scope of ASO services
- COVID/ARPA relief related federal block grant funds allowed us to expand and provide new services
- We continue to actively participate with the Health Care Authority in the implementation of 988 and regional hubs



# Key Events

- Successful recruitment of Executive Director
- Onboarded two new ASO positions, one fully funded by HCA and another for succession
- Contract in place for Assisted Outpatient Treatment in Snohomish County
- Received additional funding and an HCA grant to expand the Community Behavioral Health Rental Assistance Program
- The Whatcom/Skagit Child, Youth Mobile Crisis Team is staffed and serving both counties.

# Key Events

- Continued expansion of co-responder teams in Whatcom, Skagit, Island and the City of Mount Vernon
- Will begin phase II of the Diversity, Racism, Equity, and Inclusion project.
- Provided start-up funding to support a new behavioral health clinic in Mt. Vernon operated by Evergreen Recovery Centers.
- An update to our Behavioral Health Needs Assessment was completed.

# Key Events

- Successfully passed the annual Team Monitor Review by HCA.
- Successfully passed the State Auditor Office fiscal audit.
- Successfully passed the Health Care Authority fiscal audit.
- Continue to operate in a hybrid model with success.

# 2024 Strategic Goals

1. Remain fully compliant with the HCA-BH ASO Contract
2. Support continuous process improvement of the Crisis Services System
3. Implement the updated Quality Management Plan
4. Continue to actively support planning to achieve the goals of physical/behavioral health care integration.
5. Implement a strategic plan to address social equity and systemic racism
6. Advocate for funding to meet the behavioral health needs of all persons, especially those at-risk

# Revenues & Expenditures

## 2023 vs. 2024 Budget

BUDGET	REVENUES	EXPENDITURES
2023 ADOPTED	\$43,365,760	\$43,365,760
2023 PROJECTED	\$46,005,953	\$43,215,066
2024 PROPOSED	\$52,058,380	\$52,058,380

# Revenue Forecast

REVENUE SOURCE	2023 ADOPTED	2024 PROPOSED
Mental Health Block Grant	2,458,494	2,782,396
Substance Abuse Block Grant	4,679,433	3,783,126
Other Federal Grant [HRSA]	333,333	222,222
MCO Medicaid PMPM	8,751,820	10,700,043
State General Fund	15,742,824	20,252,961
State Provisos	11,389,856	14,007,188
Investment Interest	10,000	310,444
<b>TOTAL REVENUE</b>	<b>43,365,760</b>	<b>52,058,380</b>

# Expenditure Detail

CATEGORY	2023	2024	Difference	Percent	Notes
Salaries & Benefits	3,556,086	3,972,168	416,082	11.70%	Addition of 1 FTE & COLA
Other Administrative	870,182	1,129,446	259,264	29.79%	*see note below
Total Operations	4,426,268	5,101,614	675,346	15.26%	
Behavioral Health Services **	38,939,492	46,956,766	8,017,274	20.59%	Increased revenue (MCO, GF-S, Provisos)
TOTAL	43,365,760	52,058,380	8,692,620	20.04%	

- Includes increase in professional services, and an increase in administrative reserve
- Allowable operating administration is \$7,804,081 15%, North BH-ASO's operating administration is \$5,081,618, 10.82%.
- \*\* Includes Hospital Inpatient

# COLA

- As a reminder, from last month's BOD meeting, North Sound BHASO is recommending an 8% COLA for North Sound staff to catch up to regional COLA increases.
- My original presentation compared North Sound to SSA as a comparison point as SSA COLA increases do not tend to be viewed as "generous" and I did not have access to the last 5 years of county COLA increases for comparison.
  - As, philosophically, North Sound is meant to align with regional norms of the counties, those data points were identified as being helpful in the ongoing conversation.
  - Because of differences in decision timelines, North Sound COLA increases are often finalized ahead of the counties. Normally, this does not result in a significant difference between counties and North Sound, but it did result in a heavier difference in 2021 and 2022 (due to inflationary pressures during those two years).
- Cammy went through and collected the 5-year COLA history for all North Sound counties.



# COLA (Cammy's spreadsheet)

Year	ASO	Snohomish	Whatcom	Island	Skagit	San Juan
2019	3	3	2.25	2	1	2.5
2020	1.7	2.5	3	2	2	2.5
2021	1.01	1	3	1.5	2	0
2022	2.75	3	3	2	5	2.75
2023	5	8	3	4	3	6
Average	2.692	3.5	2.85	2.3	2.6	2.75

\*2019 – 2023 Five County Average; 2.8% COLA

# Complication of using a total average to compare COLAs

## Group 1

- Receives 2% COLA each year for 5 years

Year	COLA
1	2%
2	2%
3	2%
4	2%
5	2%
Average	2%
Total over 5 years	10%

## Group 2

- Receives 3% each year for 5 years

Year	COLA
1	3%
2	3%
3	3%
4	3%
5	3%
Average	3%
Total over 5 years	15%

- The average doesn't represent the time period.
- Difference in average only 1%, different in actual COLA provide to employees = 5%

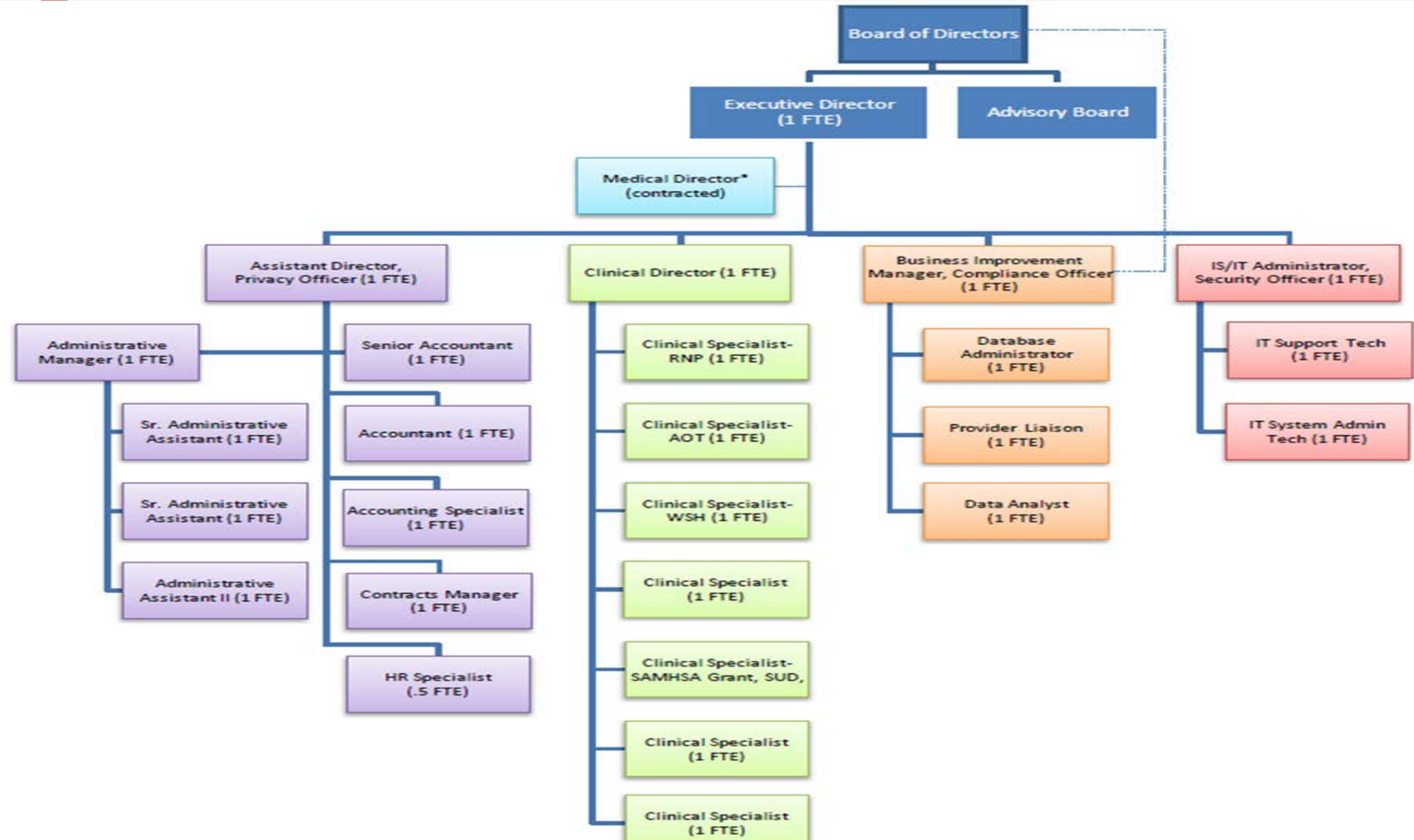
# Totals comparison (Only looking 2019-2023– would not include 2024 COLA)

Year	ASO	Snohomish	Whatcom	Island	Skagit	San Juan	
2019	3	3	2.25	2	1	2.5	
2020	1.7	2.5	3	2	2	2.5	
2021	1.01	1	3	1.5	2	0	
2022	2.75	3	3	2	5	2.75	
2023	5	8	3	4	3	6	
Average	2.692	3.5	2.85	2.3	2.6	2.75	
Total	13.46	17.5	14.25	11.5	13	13.75	Average: 14
					+11	+20	
Adjusted		17.5	14.25	11.5	24	33.75	Average: 20.2 Difference to ASO: 6.74

# COLA (cont.)

Year	SSA	ASO	Snohomish	Whatcom	Island	Skagit	San Juan
2024	3.2	8.0			2.5		

# 2024 Organizational Chart





*Empowering individuals  
and families to improve  
their health and  
well-being.*

Serving Island, San Juan, Skagit, Snohomish and Whatcom Counties

# North Sound Behavioral Health Administrative Services Organization November 9th, 2023, Board of Directors Financial Notes

## HIGHLIGHTS

1. The Budget to Actuals overall is looking pretty good. Revenues are ahead of budget due mainly to some new Proviso funding that we received with the July payment. The Crisis Services appears to be slightly increasing with most of the variance due to late billings received in January, most of the other negative variances stay stable except for Administration. Administration has a large negative variance due to a couple of retirements, increased professional services and the necessary purchase of computer equipment. We do need to amend the budget amendment passed last month to include language required by Skagit County Treasurer. Most of the large positive expense variances are due to programs a slow start up. The bottom line shows us running just a bit under budget.
2. The Revenue and Expense statement looks good at the end of September, showing an income of \$2,733,683 mainly due to receiving new Proviso dollars. The SABG fund balance is running a large negative but is about the same as last month. Our revenues are covering our expenses. We finished the 6/30/23 R&E report for the State, that analysis shows that most of our state fund balance is tied to Proviso dollars, our available general fund balance increased to \$7,605,973.31 mostly due to the recapture of some MCO retro payments. Our Minimum Reserve requirement is \$3,090,242.00 as of July our maximum reserve is set at \$6,130,312.00.
3. The one thing to note is the MCO fund balance, I adjusted it to the R&E balance at 12/31/22. The MCO fund balance is starting to go negative especially when you consider they pay for the month in advance and our expenses run at least a month behind. When I did the MCO reconciliation for January to June it showed a shortfall of \$417,406.92, we are hopeful the MCOs will pay the reconciliation difference.

## NOTES

1. We are presenting the financial statements for October 2023 for the Behavioral Health Administrative Services Organization (ASO).
2. These monthly statements are prepared for the Board's use only. They provide a snapshot of expenses and revenue for a single calendar month compared with a hypothetical "year to date" projection. However, neither revenues nor expenditures occur on an equal 1/12 amount each month.

3. The North Sound BH-ASO adopts “calendar year” budgets, but the allocations from the state are done on a state fiscal year basis [with adjustments every 6 months]. The exceptions are Federal Block Grant Funds which are allocated for the entire fiscal year.

4. Revenues and expenses are managed independently within each of the major fund categories: Medicaid, State General Fund, Mental Health Block Grant, Substance Abuse Block Grant, and SAMHSA [a direct grant we receive from the federal government for our rural Medication Assistance Treatment program].

5. Within ‘State General Funds’, allocations are further subdivided between general state funds, and the multiple “Proviso” funds allocated for specific services.

6. We have added two new lines at the bottom of the “Revenue and Expense” tab which shows the beginning and ending fund balance within each fund category for the state fiscal year. I also added some additional lines at the bottom to show the Net Income from Operations before the transfer of funds to the BHO.

7. The Budget to Actuals statement includes notes on areas where there is a variance between the hypothetical year to date budget and actual revenues and expenditures. I also added additional lines at the bottom to show the transfer of funds separate from the normal operations.



**NORTH SOUND BEHAVIORAL HEALTH ADMINISTRATIVE SERVICE ORGANIZATION  
PRELIMINARY REVENUE and EXPENSE STATEMENT for OCTOBER 2023\***

<b><u>REVENUES</u></b>	<b>YTD 2022 Totals</b>	<b>YTD 2022 Medicaid</b>	<b>YTD 2022 State</b>	<b>YTD 2022 MHBG</b>	<b>YTD 2022 SABG</b>
Intergovernmental Revenues					
HRSA	268,972				
MHBG	1,897,200			1,897,200	
SABG	3,189,574				3,189,574
State Funds	25,142,748		25,142,748		
Medicaid (MCO)	7,318,830	7,318,830			
Total Intergovernmental Revenues	37,817,324	7,318,830	25,142,748	1,897,200	3,189,574
Misc. Revenue **	12,975		12,975		
Interest Revenue	248,981		248,981		
<b>TOTAL REVENUES</b>	<b>\$ 38,079,280</b>	<b>\$ 7,318,830</b>	<b>\$ 25,404,705</b>	<b>\$ 1,897,200</b>	<b>\$ 3,189,574</b>

<b><u>EXPENDITURES</u></b>					
Inpatient Treatment	\$ 752,491		\$ 752,491		
ITA Judicial	2,093,671		2,093,671		
Crisis Services	12,382,462	6,872,387	4,491,083	175,545	843,447
Crisis Teams - Children & Youth	313,989		313,989		
Co-Responder	730,076		140,247	368,407	221,421
MH Crisis Stabilization	1,354,920		777,430	577,490	
E&T Services	752,558		752,558		
E&T Discharge Planner	203,368		203,368		
Jail Services	220,208		220,208		
PACT Services	626,222		626,222		
Assisted Outpatient Treatment	0		0		
Trueblood	224,377		224,377		
BH Enhancement Funds	846,936		846,936		
HOST	982,289		982,289		
Peer Bridger	155,839			155,839	
MHBG Expenditures ***	749,968			749,968	
HARPS Housing	634,142		634,142		
DOC Housing	1,546,709		1,546,709		
DMA County Contracts	554,882		554,882		
Recovery Navigator	2,276,303		2,276,303		
Opiate Dependency Outreach	814,786				814,786
PPW Housing Support Services	405,659				405,659
SABG Expenditures ****	542,295				542,295
Withdrawal Management	1,245,541		690,716		554,825
HRSA	246,158				
Juvenile Drug Court	117,244		117,244		
Other MH Services *****	908,647		908,647		
Other SUD Services	274,729		274,729		
Advisory Board	7,339		7,339		

Subtotal - Services	31,963,808	6,872,387	19,435,580	2,027,250	3,382,433
Administration	4,198,608	902,723	3,263,551		
<b>TOTAL EXPENDITURES</b>	<b>\$ 36,162,416</b>	<b>\$ 7,775,110</b>	<b>\$ 22,699,131</b>	<b>\$ 2,027,250</b>	<b>\$ 3,382,433</b>
Net Income	\$ 1,916,864	\$ (456,280)	\$ 2,705,574	\$ (130,050)	\$ (192,859)
Beginning Fund Balance 12/31/22	15,064,689	30,506	15,928,915	(187,767)	(653,818)
<b>Ending Fund Balance</b>	<b>16,981,553</b>	<b>(425,774)</b>	<b>18,634,488</b>	<b>(317,817)</b>	<b>(846,677)</b>
Flexible GFS balance at 6/30/23			7,605,973		

Note: State Fund Balance also includes Proviso Fund Balances which are designated for specific expenditures

**\* THIS IS AN UNAUDITED STATEMENT**

\* Medicaid and State revenue are paid in advance. MHBG, SABG and SAMHSA revenue are paid on an expense reimbursement method. Expenses are recognized when the bill is received.

\*\* Room Rental Fees, Tribal Conference, Salish Contract

\*\*\* Includes COVID, PATH and other FBG services. Does not include Crisis or E&T

\*\*\*\* Includes Peer Pathfinder and other SABG expenses. Does not include Crisis

\*\*\*\*\* Includes CORS, FYSPRT, Outpatient Services, PATH match

ITION

YTD
2022
HRSA
268,972

268,972
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\$ 268,972
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246,158

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246,158

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32,334

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\$ 278,492

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\$ (9,520)

(53,147)

(62,667)

**NORTH SOUND BH-ASO**  
**October 2023**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>
Bill Pmt -Check	10/10/2023	569689	American Behavioral Health Systems
Bill Pmt -Check	10/10/2023	569743	Commercial Alarm and Detection Inc
Bill Pmt -Check	10/10/2023	569745	Compass Health
Bill Pmt -Check	10/10/2023	569746	Consejo Counseling
Bill Pmt -Check	10/10/2023	569800	Dixon, James-Reim
Bill Pmt -Check	10/10/2023	569784	Greater Columbia BH-ASO
Bill Pmt -Check	10/10/2023	569796	Island County Human Services
Bill Pmt -Check	10/10/2023	569836	Lake Whatcom Center
Bill Pmt -Check	10/10/2023	569841	Lifeline Connections
Bill Pmt -Check	10/10/2023	569879	Office Depot
Bill Pmt -Check	10/10/2023	569805	Ottaway Martin JanRose
Bill Pmt -Check	10/10/2023	569935	Snohomish Co Human Services
Bill Pmt -Check	10/10/2023	569955	Telecare Corporation
Bill Pmt -Check	10/10/2023	569961	Tulalip Tribes
Bill Pmt -Check	10/10/2023	569675	US Bank
Bill Pmt -Check	10/10/2023	569942	WA State Auditors Office
Bill Pmt -Check	10/10/2023	570007	Whatcom County Health Department
Bill Pmt -Check	10/13/2023	570059	Catholic Community Services
Bill Pmt -Check	10/13/2023	570075	Compass Health
Bill Pmt -Check	10/13/2023	570078	Consejo Counseling
Bill Pmt -Check	10/13/2023	570112	Frontline Cleaning Services LLC
Bill Pmt -Check	10/13/2023	570125	Holman Recovery Center
Bill Pmt -Check	10/13/2023	570162	Lake Whatcom Center
Bill Pmt -Check	10/13/2023	570176	Lifeline Connections
Bill Pmt -Check	10/13/2023	570117	Lippman, Glenn
Bill Pmt -Check	10/13/2023	570218	Morris Consulting
Bill Pmt -Check	10/13/2023	570208	Opportunity Council
Bill Pmt -Check	10/13/2023	570254	SHI
Bill Pmt -Check	10/13/2023	570261	Skagit County Public Health
Bill Pmt -Check	10/13/2023	570273	Spokane County BHO
Bill Pmt -Check	10/13/2023	570318	WA State Patrol
Bill Pmt -Check	10/13/2023	570321	Wave Business
Bill Pmt -Check	10/13/2023	570326	Whatcom County Health Department
Bill Pmt -Check	10/20/2023	570345	Access
Bill Pmt -Check	10/20/2023	570380	Comcast
Bill Pmt -Check	10/20/2023	570381	Commercial Alarm and Detection Inc
Bill Pmt -Check	10/20/2023	570382	Community Action of Skagit Co
Bill Pmt -Check	10/20/2023	570383	Compass Health
Bill Pmt -Check	10/20/2023	570386	Consejo Counseling
Bill Pmt -Check	10/20/2023	570610	Culligan NW

**NORTH SOUND BH-ASO**  
**October 2023**

Bill Pmt -Check	10/20/2023	570408	Evergreen Recovery
Bill Pmt -Check	10/20/2023	570415	Firstline Communications (All Phase)
Bill Pmt -Check	10/20/2023	570464	Lake Whatcom Center
Bill Pmt -Check	10/20/2023	570470	Lifeline Connections
Bill Pmt -Check	10/20/2023	570565	Maharaj-Lewis, Starleen
Bill Pmt -Check	10/20/2023	570487	Mount Baker Presbyterian Church
Bill Pmt -Check	10/20/2023	570493	NSBH-ASO Advance Travel
Bill Pmt -Check	10/20/2023	570506	Pitney Bowes Pur Power
Bill Pmt -Check	10/20/2023	570560	Snohomish Co Human Services
Bill Pmt -Check	10/20/2023	570561	Snohomish Co Juvenile
Bill Pmt -Check	10/20/2023	570563	Spokane County BHO
Bill Pmt -Check	10/20/2023	570564	SRS Property Management
Bill Pmt -Check	10/20/2023	570576	T-Mobil
Bill Pmt -Check	10/20/2023	570349	Wellfound Behavioral Health Hospita
Bill Pmt -Check	10/20/2023	570615	Whatcom Co Superior Court
Bill Pmt -Check	10/27/2023	570676	American Behavioral Health Systems
Bill Pmt -Check	10/27/2023	570705	Brigid Collins
Bill Pmt -Check	10/27/2023	570724	City of Mt Vernon
Bill Pmt -Check	10/27/2023	570764	Evergreen Recovery
Bill Pmt -Check	10/27/2023	570789	Holman Recovery Center
Bill Pmt -Check	10/27/2023	570840	Lifeline Connections
Bill Pmt -Check	10/27/2023	570896	Pioneer Center
Bill Pmt -Check	10/27/2023	570900	Providence-Everett
Bill Pmt -Check	10/27/2023	570939	Skagit County Clerk
Bill Pmt -Check	10/27/2023	570901	Skagit Valley Hospital
Bill Pmt -Check	10/27/2023	570971	Telecare Corporation
Bill Pmt -Check	10/27/2023	570979	Therapeutic Health Services
Bill Pmt -Check	10/30/2023	IGT	Skagit County Auditor

**NORTH SOUND BH-ASO**  
**October 2023**

**Amount**

-6,840.00
-130.56
-78,210.64
-9,634.62
-37.00
-3,750.36
-62,017.88
-23,749.88
-3,687.32
-187.93
-241.77
-201,217.94
-5,788.99
-5,805.07
-2,169.35
-4,867.80
-27,230.62
-9,962.31
-14,840.00
-165.02
-725.00
-6,750.00
-51,539.29
-1,246.57
-3,500.00
-700.00
-24,536.80
-3,143.38
-24,306.93
-1,730.00
-11.00
-601.20
-70,419.68
-1,082.22
-224.87
-106.08
-51,150.04
-1,086,329.15
-251.38
-13.97

**NORTH SOUND BH-ASO**  
**October 2023**

-143,922.28
-1,148.40
-17,073.76
-23,834.00
-300.00
-9,420.96
-478.00
-572.59
-468,380.69
-9,200.23
-2,595.00
-11,280.56
-896.92
-2,136.87
-42,600.00
-1,365.00
-7,899.03
-60,180.65
-42,000.00
-6,500.00
-2,154.04
-43,096.11
-4,749.43
-96,516.38
-19,763.80
-3,339.00
-9,530.50
-3,500.00
-2,823,336.82
-2,823,336.82
<b>-2,823,336.82</b>



**Ituha Facility**

Health Care Authority (HCA) has sent an email to all Managed Care Organizations (MCOs) asking them to reach out to Pioneer Human Services (PHS) (who holds the operating contract for the Ituha Stabilization Facility in Oak Harbor) and to provide a synopsis of their conversation with PHS to HCA by November 1, 2023.

**Skagit County Prosecuting Attorney's Office and Involuntary Treatment Act cases**

North Sound met with Skagit county Prosecuting Attorney's Office (PAO) and Skagit County Commissioner/North Sound BHASO Board Chair, Peter Browning, on November 1, 2023. In that discussion, Prosecuting Attorney Rich Weyrich confirmed his desire to step away from processing Involuntary Treatment Act (ITA) case in the near future (January 1, 2024). Two solutions he is currently looking into are seeing if the Whatcom County or Snohomish County PAO would be open to contracting to do the ITA body of work or exploring contracting a private firm to provide the prosecutorial support to his office. HCA met with North Sound to discuss the issue and provided the attached communication. Of note:

*"In sum, HCA contracts with North Sound BH-ASO to administer all ITA services within its assigned Regional Service Area, including the funding of judicial services. The Skagit County Prosecuting Attorney has a statutory role in the ITA system that is not optional or secondary to other duties. HCA is amenable to solutions proposed that would allow this matter to be resolved locally. However, HCA expects that ITA petitioners in Skagit County will continue to be represented by deputy prosecutors or special deputy prosecutors after January 1, 2024."*

*-Annette Schuffenhauer, Chief Legal Officer, HCA*



**STATE OF WASHINGTON  
HEALTH CARE AUTHORITY**

626 8th Avenue, SE • P.O. Box 45502 • Olympia, Washington 98504-5502

October 25, 2023

JanRose Ottaway Martin  
Executive Director  
North Sound Behavioral Health Administrative Services Organization  
301 Valley Mall Way, Suite 110  
Mount Vernon, WA 98273

Dear Ms. Ottaway Martin:

**SUBJECT:** Prosecuting Attorney Services for ITA Hearings In Skagit County

The Health Care Authority (HCA) is in receipt of the September 25, 2023, letter to you from Skagit County Prosecutor Richard Weyrich. Mr. Weyrich wrote that his office has been unable to recruit and retain attorneys to do Involuntary Treatment Act (ITA) hearings in Skagit County and that his office will no longer provide representation for ITA hearings after January 1, 2024. We appreciate that you have reached out to HCA for guidance.

There are a number of statutes that bear on this situation, and we encourage you to review them. First, RCW 71.05.130 provides that the prosecuting attorney of a county represents all ITA petitioners in that county except those of the state hospitals, who are represented by the Attorney General. This statute is not optional, nor is it secondary to other duties. Even before the adoption of the current ITA, prosecuting attorneys have been determined to be obligated to appear in mental illness proceedings. See [AGO 1971 No. 19](#).

Second, RCW 36.27.020(4) requires the prosecuting attorney to represent all civil actions in which the state or county may be a party. The state is a party to ITA proceedings because the civil commitments are considered “state action” in furtherance of the state’s *parens patriae* powers, even if undertaken by a private facility. The prosecuting attorney is part of this public function, in practice and by statute. *Rawson v. RII*, 975 F.3d 742 (9<sup>th</sup> Cir., 2020).

Third, the Community Behavioral Health Services Act requires the Behavioral Health Administrative Services Organization (BH-ASO) to administer services related to involuntary commitments and ensure access to court-related services. RCW 71.24.045(1)(a)(iii), (b). Therefore, the BH-ASO is required to make arrangements with courts, prosecuting attorneys and defense counsel to ensure that individuals subject to ITA proceedings receive the due process protections to which they are constitutionally entitled.

Prosecuting Attorney Services for ITA Hearings In Skagit County

Finally, RCW 71.05.730 sets forth the retroactive reimbursement mechanism for a county to seek reimbursement from the BH-ASO on a quarterly basis for the provision of “judicial services,” which includes providing prosecutor services.

Mr. Weyrich has offered to deputize one or more private attorneys as special deputy prosecuting attorneys to undertake this work. This proposal would require North Sound BH-ASO and Mr. Weyrich to identify attorneys willing to do this work. Given the structure of these statutes, HCA believes that any contract with deputized private attorneys should be held by the prosecuting attorney so that the costs may be monitored and there is appropriate oversight of these professional services.

In sum, HCA contracts with North Sound BH-ASO to administer all ITA services within its assigned Regional Service Area, including the funding of judicial services. The Skagit County Prosecuting Attorney has a statutory role in the ITA system that is not optional or secondary to other duties. HCA is amenable to solutions proposed that would allow this matter to be resolved locally. However, HCA expects that ITA petitioners in Skagit County will continue to be represented by deputy prosecutors or special deputy prosecutors after January 1, 2024.

Please contact reach out to me if you have any additional questions.

Sincerely,



Annette Schuffenhauer  
Chief Legal Officer  
Division of Legal Services

By email and first-class mail

cc: Keri Waterland, Division Director, Division of Behavioral Health and Recovery, HCA  
Jason McGill, Assistant Director, Medicaid Program Division, HCA  
Rich Weyrich, Skagit County Prosecuting Attorney