Exit Conference: Washington State University

The Office of the Washington State Auditor’s vision is increased trust in government. Our mission is to provide citizens with independence 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:

- Accountability audit for July 1, 2015 through June 30, 2017 - see draft report.

Audit Highlights

- All University employees that we worked with during the audit were welcoming, professional and responsive to our audit requests.
- We appreciate the audit liaisons’ assistance to connect us with the appropriate employees for each audit section and obtaining documents and other support to complete our audit.

Recommendations not included in the Audit Reports

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.

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/Login.aspx

Management Representation Letter

We have included a copy of representations received from management.
Audit Cost

At the entrance conference, we estimated the cost of the audit to be $82,500 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

At your request, we perform an annual audit of your financial statements. Your next financial statement audit is scheduled to be conducted in November and December 2018.

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.

Questions?

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

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, University operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of Washington State University from July 1, 2015 through June 30, 2017.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved performing procedures to obtain evidence about the University’s use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the years ended June 30, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Investments – allowable investing activities
- Associated Students reimbursement programs – travel grant, child care and graduation cap and gown reimbursements to eligible students
- Associated Students Global Campus – scholarships awarded to eligible students
- Cash-receipting and cash counts – Extension Offices (Benton, Franklin and Spokane counties), Cashier’s Office (Tri-Cities and Pullman campuses), Tri-Cities Café and Coffee Shop, Spokane Library, Spokane Finance Office, Spokane Student Affairs Office, Spokane Parking Department
- Procurement – public works projects, change orders and prevailing wages
- Athletics Department financial activities
- Contract monitoring – research and technology services
Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2017, can be found at: http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx

Our opinion on the Washington State University’s basic financial statements is included in the University’s separate Comprehensive Annual Financial Report. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

Performance audits

Initiative 900, approved by voters in 2005, gives the State Auditor's Office the authority to conduct independent performance audits of state and local government entities. Performance audits may include objective analysis on ways to improve program performance and operations, reduce costs and identify best practices.

We issued the separate Determining Costs per Student for Washington's Medical Schools performance audit report, which is available on our website, http://portal.sao.wa.gov/ReportSearch.
Special investigations

During the current audit period, the State Auditor’s Office issued a report pursuant to the State Employee Whistleblower Act (Chapter 42.40 RCW). That report is available on our website, http://portal.sao.wa.gov/ReportSearch.
Founded in Pullman in 1890 as the state’s land-grant research university, Washington State University currently has campuses in Pullman, Spokane, Tri-Cities, Vancouver and Everett. An award-winning Global Campus online program offers access to the University’s degrees statewide and around the world. Enrollment exceeds 30,000 students who are served by over 3,000 faculty and 3,500 staff members. Among the University’s faculty are eleven National Academy members. The Carnegie Foundation classifies the University as one of 115 U.S. public and private universities with very high research activity. U.S. News and World Report consistently ranks the University among the top 60 public universities.

The University has eleven academic colleges plus the Graduate School and WSU Online Global Campus. The colleges include Agricultural, Human and Natural Resource Sciences, Arts and Sciences, Business, Communication, Education, Engineering and Architecture, Honors, Medicine, Nursing, Pharmacy and Pharmaceutical Sciences, and Veterinary Medicine. The University offers more than 200 fields of study including more than 100 majors, 79 master’s degree programs and 63 doctoral degree programs. Professional degrees are offered in business, medicine, pharmacy and veterinary medicine. Last year, 7,088 degrees, including bachelors, masters, professional and doctoral degrees, were conferred.

The University is known for research strengths in such diverse areas as biotechnology, reproductive biology, shock physics, viticulture, sleep research, wood technology, computer chips and advertising’s impact on healthy decision-making. Research stations are located in Lind, Long Beach, Mount Vernon, Othello, Prosser, Puyallup and Wenatchee. There are extension offices in all 39 Washington counties. The University is governed by a 10-member Board of Regents, appointed by the Governor and confirmed by the state Senate. Dr. Kirk H. Schulz has served as the 11th president of the University since 2016. The University’s operating and non-operating revenue is generally $1 billion. Revenue sources include tuition and fees, federal, state and local grants, contracts and appropriations, gifts and contributions, auxiliary enterprises such as housing and dining, parking, the Student Recreational Center, intercollegiate athletics and the Compton Union Building. The total state Legislative Appropriation Budget exceeded $186 million.

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<tr>
<th>Contact information related to this report</th>
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<tbody>
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Information current as of report publish date.
Audit history

October 11th, 2018

Washington State Auditor’s Office
3200 Capitol Blvd
PO Box 40031
Olympia, WA 98504-0031

To the Washington State Auditor’s Office:

We are providing this letter in connection with your audit of Washington State University for the period from July 1, 2015 through June 30, 2017. 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. Information is considered significant 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 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 significant noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
   e. Results of our internal assessment of business risks and risks related to financial records and related data, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, such as HIPAA requirements, 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 complied with all significant aspects of laws, regulations, contracts and grant agreements.

5. 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.

6. We have established adequate procedures and controls to safeguard public resources and ensure compliance with applicable laws and regulations.

7. We have no knowledge of any fraud, allegations of fraud or suspected fraud involving management or employees.

8. In accordance with the State Administrative and Accounting Manual, all significant events and transactions have been properly recorded in the financial records.

9. We understand our federal tax responsibilities for any Unrelated Business Income (UBI) and have evaluated our operations to identify any such taxable income. We have completely and properly reported UBI to the Internal Revenue Service and on our financial statements.

______________________________
Manali Bettendorf
Controller

______________________________
Stacy Pearson
Vice President, Finance and Administration

______________________________
Matthew A. Skinner
Associate Vice President, Finance