



# Washington State Auditor's Office

Government that works for citizens

## Accountability Audit Report Washington State University

For the period July 1, 2014 through June 30, 2015

Published June 30, 2016

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## Washington State Auditor's Office

June 30, 2016

Board of Regents  
Washington State University  
Pullman, Washington

### Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for University operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the University's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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# AUDIT SUMMARY

## Results in brief

In the areas we audited, University operations complied with applicable requirements and provided adequate safeguarding of public resources. The University also complied with state laws and regulations and its own policies and procedures in the areas we examined.

## About the audit

This report contains the results of our independent accountability audit of the Washington State University from July 1, 2014 through June 30, 2015.

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.

Our audit involved performing procedures to obtain evidence about the University's uses 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, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Central payroll practices
- Department payroll practices
  - Beasley Coliseum
  - School of Food Science's Creamery
  - Printing Services
  - Social & Economic Sciences Research Center
- University Stores
- Use of petty cash funds
  - Beasley Coliseum
  - Social and Economic Sciences Research Center
- Global Campus financial activities
- Open Public Meetings Act requirements
- Unrelated Business Income Tax

## RELATED REPORTS

### 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](http://www.ofm.wa.gov).

A summary of the audit for the period ending June 30, 2015, 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.

### 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>.

## INFORMATION ABOUT THE UNIVERSITY

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 28,600 students who are served by over 3,000 faculty and 3,500 staff members. Among the University's faculty are ten National Academy members. The Carnegie Foundation classifies the University as one of 96 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. These colleges include Agricultural, Human and Natural Resource Sciences, Arts and Sciences, Business, Communication, Education, Engineering and Architecture, Honors, Medical Sciences, Nursing, Pharmacy and Veterinary Medicine. The University offers more than 200 fields of study including more than 100 majors, 66 master's degree programs and 47 doctoral degree programs. Professional degrees are offered in nursing, pharmacy and veterinary medicine.

Last year, 6,533 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. Elson S. Floyd served as the University's President from 2007 through 2015.

The University's operating and nonoperating 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.

### Contact information related to this report

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*Information current as of report publish date.*

## **Audit history**

You can find current and past audit reports for the Washington State University at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>