



# Washington State Auditor's Office

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## Accountability Audit Report University of Washington

For the period July 1, 2014 through June 30, 2016

Published December 8, 2016

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## Washington State Auditor's Office

December 8, 2016

Board of Regents  
University of Washington  
Seattle, 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 most 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.

However, we noted certain matters that we communicated to University management in a letter dated November 4, 2016, related to cash receipting and local funds. We appreciate the University's commitment to resolving those matters.

### About the audit

This report contains the results of our independent accountability audit of the University of Washington from July 1, 2014 through June 30, 2016.

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:

- Cash receipting
- Payroll
- General Disbursements
- Local Funds
- Open Public Meetings Act

## 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, 2016, can be found at: <http://www.sao.wa.gov/resources/Pages/AnnualReports.aspx>

Our opinion on the University of Washington's basic financial statements is included in the University's separate Comprehensive Annual Financial Report.

### 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 on a misappropriation of public funds at the University. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

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 on November 4, 1861, the University of Washington is one of the oldest state-supported institutions of higher education on the Pacific Coast. The University has three campuses located in Seattle, Tacoma and Bothell and 16 major schools and colleges. The Seattle campus has 218 buildings on 643 acres.

The primary mission of the University is the preservation, advancement and dissemination of knowledge. The University is governed by a 10-member Board of Regents, appointed by the Governor and confirmed by the state Senate. The University's proposed budget for fiscal year 2016 was approximately \$6.9 billion.

The primary revenue sources include tuition, grants, contracts and medical services. Enrollment for Autumn Quarter 2015 was 55,767 undergraduate and graduate students. A highly rated research institution, the University generated \$1.3 billion in gift, grant and contract revenue during fiscal year 2015.

The University is one of the largest U.S. public educational institution that receives federal assistance. The University also has many self-sustaining business operations that include UW Medicine (which includes four hospitals and multiple clinics), educational outreach, intercollegiate athletics, housing and food services, and parking operations, and a number of other specialized service facilities.

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*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the University of Washington 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>	
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