



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

# **Accountability Audit Report**

## **Eastern Washington University**

**For the period July 1, 2017 through June 30, 2019**

**Published June 29, 2020**

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## Office of the Washington State Auditor Pat McCarthy

June 29, 2020

Board of Trustees  
Eastern Washington University  
Cheney, Washington

### **Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

Attached is our independent audit report on the University's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

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).*

## TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the College .....	6
About the State Auditor's Office.....	8

## AUDIT RESULTS

### Results in brief

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

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of the Eastern Washington University from July 1, 2017 through June 30, 2019.

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 obtaining 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. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended June 30, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – electronic funds transfers
- Tuition and fees – receipting
- Payroll – gross wages, overtime, leave balances and accruals
- Selected IT security policies, procedures, practices, and controls protecting financial systems, IT systems, and data – backup and recovery
- Financial condition and fiscal sustainability
- Tenant leases – compliance with contract terms

## RELATED REPORTS

### **Financial**

Our opinion on the University's financial statements is provided in a separate report, which includes the University's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

We also 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, 2019, can be found at <https://www.sao.wa.gov/about-audits/about-state-government-audits/>.

### **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.

## INFORMATION ABOUT THE UNIVERSITY

Eastern Washington University is a regional, comprehensive, public university located in Cheney with programs also offered in Spokane, Bellevue, Everett, Kent, Seattle, Shoreline, and Vancouver. Established in 1882 as the Benjamin P. Cheney Academy. The University was renamed Eastern Washington University and was designated as a regional university in 1977. The University's main campus is located on 329 acres, approximately 150 of which are developed, approximately 17 miles southwest of the State's second largest city, Spokane. The University also has a Spokane campus, co-located with Washington State University, on 48 acres, which serves over 1,800 students. The University serves both a residential student population as well as utilizing a low-cost bus service from Spokane to accommodate the large number of regional commuter students. In response to requests to expand access to higher education opportunities in the State, the University partners with Bellevue College, and North Seattle Community College to offer baccalaureate degree completion programs at these locations. The University also offers the Master of Social Work degree program in Everett, and Vancouver. The University continues to expand in an array of online courses, programs and certificate offerings.

The University owns seven residence halls to provide housing and specialized programs for students, and offers University-owned apartments designated for families. The University provides housing for approximately 18 percent of students enrolled. The University offers eight Dining operated service locations on campus including espresso shops and a convenience store. Students spending their first year in residence halls are required to have a resident meal plan.

As of fall 2019, the University employed approximately 470 full-time faculty and 199 part-time faculty, 526 classified staff, and 365 professional and administrative staff. The operating budget for fiscal years 2019 and 2018 were approximately \$272.4 million and \$272.0 million, respectively. The University also had a 2017-2019 biennial capital budget of approximately \$96.2 million. The University's major revenue sources are state operating appropriations and student tuition and fees. An eight-member Board of Trustees, appointed by the Governor and confirmed by the Senate, is responsible for governing the multi-campus University as a single, comprehensive, legal entity under the administrative direction of the President.

<b>Contact information related to this report</b>	
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*Information current as of report publish date.*

## **Audit history**

You can find current and past audit reports for the Eastern Washington 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.

Contact information for the State Auditor's Office	
Public Records requests	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
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