

WSU's 2010 financial report released: University maintains clean audit record, AAUP seeks clarity

By Kelsey Husky Daily News Staff Writer

Posted on: Wednesday, February 16, 2011

Washington State University's latest financial statement has its fans and critics.

WSU's 2010 state audit came back clean, garnering congratulations from the state auditor's office. But WSU's chapter of the American Association of University Professors maintains its stance that WSU is using state budget cuts to cover the university's success, and it's using the financial statement as an example.

WSU hasn't had a finding or discrepancy on an audit for 12 years, which is the longest clean streak of any of Washington's public universities. Information from state Auditor Brian Sonntag is included in the 2010 financial statement.

WSU Assistant Vice President for Business and Finance Barry Johnston said the university's success with audits stems from its culture of compliance with rules and regulations, which includes many people.

"No one individual is responsible," he said. "It's a collective effort."

WSU has an operating budget of more than \$850 million and a presence in every county, he said, and a clean audit means all facilities act by rules that are consistent with state and federal laws.

Johnston said university leadership, including the administration and Board of Regents, takes great pride in the clean report.

Audits are nearly constant at WSU between the state office, federal office and various internal auditors investigating the institution's financial affairs, he said. While there may be minor issues with how WSU conducts itself, such as something being coded wrong or a payment not being processed as quickly as it should've been, there aren't issues big enough to warrant a finding.

If a federal auditor investigates the spending of a federal grant or contract and has a finding, that funding may be lost, Johnston said. Therefore, bad audits can mean the loss of precious monies.

WSU's chapter of the AAUP, which questioned last year's financial statement, are continuing their quest for clarity.

The group's interpretation of the financial report is that the university's appropriations from the state is only part of their financial picture.

Former WSU AAUP President Rich Alldredge said he wants the public and those with university affiliations to have a greater understanding of WSU's finances.

"State budget cuts, which are real and serious ... are being used as justification for actions that affect instruction and curriculum, academic organizations and employment of faculty, graduate students and staff," he said. "Those cuts are only part of the financial picture."

The AAUP sent out a media release authored by Alldredge Jan. 18, stating "... the overall annual revenue from all income streams ... has, in fact, been increasing steadily for the university in recent years." WSU administration replied by saying the group was using old information - the 2009 financial statement - which came before much of the state budget cuts.

The group indicated in a media release Thursday, also authored by Alldredge, that information in the 2010 financial statement was consistent with the previous statement.

" ... Unrestricted net assets plus restricted expendable net assets totaled \$144 million at the end of (fiscal year) 2009 and rose to \$165 million at the end of (fiscal year) 2010," it reads. "Unrestricted assets alone are currently in excess of \$80 million. Restricted expendable net assets represent soft or non-contractual commitments for future projects. However, our understanding is that, generally, both of these categories of assets can be spent freely at the discretion of the Board of Regents."

The release calls for a university administration-sponsored open forum to talk about the entire financial state of the university to better understand what funds are available. Alldredge said he thinks faculty and staff should be more aware of where the money is spent.

" ... It's important to raise the question to get clearer answers," he said. "When the financial representative says there's \$80 million in unrestricted assets, my knowledge of English says they're unrestricted but we hear from (chief budget official) Joan King that that's not true."

Alldredge said he just wants more information, calling it a "confusing situation," which is why AAUP wants a more open discussion - if communication is limited to just AAUP members and the administration, that's not informing the community as to what their situation is.

King echoed a previous statement in reply to AAUP's media release.

" ... I would simply restate what President Floyd said in his Perspective (blog on Jan. 25). 'That financial statement represents an amalgamation of funds of various types, most of which are targeted for specific purposes.' This is true whether we are discussing the 2009 or the 2010 financial statement," King said in an e-mail.

A meeting with Provost Warwick Bayly to talk about AAUP's interpretation originally scheduled for Feb. 1 was cancelled and has not been rescheduled.

- WSU-AAUP is conducting a meeting 4:10-5:30 p.m. today in the Bundy Reading Room of Avery Hall. Janelle Taylor, the University of Washington's AAUP chapter president, will discuss UW's experiences with collective bargaining, something Alldredge said the WSU's chapter is open to considering. All are welcome to attend the meeting, and light refreshments will be served.

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