



CENTRAL WASHINGTON UNIVERSITY

TO: Dr. James Gaudino
President

FROM: Margaret Smith, CIA
Director, Internal Audit *Margaret Smith*

DATE: April 16, 2009

SUBJECT: Report of the Enterprisewide Risk Assessment and Internal Control Survey

MEMO#: 390

This memorandum reports the results of the fiscal year 2009 Enterprisewide Risk Assessment and Internal Control Survey as required by the Office of Financial Management. It is the agency's responsibility to minimize risk through internal control assessment. The requirements included participation by all levels of the organization in an annual risk assessment and internal control evaluation. This evaluation was conducted in the form of discussions and responses to survey questions. Some discussions were documented with a listing of identified risks and mitigating internal control actions. Some managers identified and listed their risks while analyzing their operations and internal control processes.

Each operation determined a risk appetite and applied the risk measures within their area of responsibility. This caused some confusion around measuring the risks by likelihood and impact because there was no clear definition of university risk appetite.

Discussions were facilitated in the following areas:

- Presidents Division
- Provost/Senior Vice President for Academic Affairs
- Associate Vice President for Undergraduate Studies
- Associate Vice President for Graduate Studies, Research & Continuing Education
- Associate Vice President for Faculty Relations
- Assistant to the Provost, University Centers & Community College Relations
- Dean, Library Services
- Dean, College of Business
- Dean, College of Education and Professional Studies
- Dean, College of the Sciences
- Dean, College of Arts and Humanities
- Vice President, University Relations
- Vice President, Student Affairs and Enrollment Management
- Vice President, Business and Financial Affairs
- Associate Vice President for Faculty Relations
- Multimedia Technology & Instructional Support
- International Studies and Programs
- Continuing Education

Department of Internal Audit

400 East University Way . Ellensburg WA 98926-7501 . Office: 509-963-2299 . Fax: 509-963-3206

EEO/AA/TITLE IX INSTITUTION • TDD 509-963-2143

Institutional Research
Budget
Faculty Senate
Athletics
Academic Facilities

The following areas did not participate in the risk assessment.

Dean, College of Business
Government Relations

This process continued to be an awareness building exercise where discussions refreshed the role of internal control procedures and practices as mitigating factors for risks. The discussions identified various risk factors including enrollments, funding cuts, lack of funding, cash, inventories, facilities, data integrity, computing systems' security, outside regulatory influences, human resource management, student safety, sensitive data and information and technology resources. Management was conscious of internal control measures that were functioning to mitigate the risks discussed.

Areas of concern where additional resources or interest would further reduce risk included the following:

- Communicate the economic impact of budget cuts, state funding and stimulus funds on operations and employees, student enrollment projections, and accreditation standards. Continue the honest and transparent analysis of the economic situation to the campus community to relieve employee stress of the uncertainty of the situation.
- Define risk appetite at the organization level to aid management in measuring their risks. Identifying events that pose the greatest risk to the organization's ability to achieve strategic objectives and the level of risk the university is willing to accept in pursuit of its objectives would assist managers in establishing guidelines to ensure that they do not participate in activities that could hinder financial and overall stability.

One operation believed there was unmitigated risk in their operation related to the work environment and lack of support and resources for employees and students. There was a belief that this could have an impact on the university's accreditation. Another operation believed that the budget cuts would result in a lack of resources to manage the academic program and provide adequate service and support to students.

Based on the discussions and summaries, it appeared that for the most part, management was conscious of their risk appetites and tolerances and acknowledged that they were addressing the identified risks in a conscientious and appropriate manner. Management identified action taken to mitigate risks and managed their operations with risk awareness. The internal control measures discussed in relation to the identified risks appeared to be functioning to mitigate the risks. In addition, the results of internal and external audits disclose that the university's internal control structures appeared strong and were functioning effectively. No significant audit exceptions were identified. There have been no significant situations of breeches of security or loss of resources reported in the current fiscal year.

Management maintained documentation of the identified risks and provided a summary schedule to support this memorandum.

I appreciated the cooperation I received from management to conduct this risk assessment and internal control evaluation in this efficient and effective manner.

Central Washington University Enterprise-wide Risk Table 2009

Strategic	Operational Process	Financial Safeguard Assets	Compliance Laws/Regulations	Reputational
Lack of Enrollment	Student club liability activities	Use of funds for recruiting	ADA access	Data disclosure
Economic downturn	Employee hiring freeze	Safety student and visitors physical	Policies impacting enrollment	Staff and student morale
Master planning	Implementation of data warehouse	IT/Data security	Federal and state regulations	Customer service
Budget cuts	Energy savings	Document management	Union contracts	Employment claims
Cost of living	Utilities and alternative sources	Internal controls	Accreditation processes	Fraud or compromised data
Economy impact on fundraising	Employee time and attendance	Cash handling	Legislative mandates	Undervalued CAH disciplines
Annual program review	Internal control break down	Disaster recovery	American Recovery Act	Student trauma
Accreditation	Budget constraints and deficit spending	Fire protection	Environmental	Student dissatisfaction
University center model	Faculty adjunct	Safety winter weather issues	State targets and oversight	Community relations
Uncertain future	Employee staff turnover	Repair or replace assets	Credit card security	Technology changes
	Faculty chair responsibilities	Space limitations	I-960 impact of fees and rates	Media relations
	Student advising	Loss of funds	Copyright regulation breeches	Branding
	Program assessment	Inventories	Affirmative action plan challenges	Mission and messages
	New programs and curricular changes	Classroom space and technology	Sexual harassment	Campus speakers
	Centers	Synchronous interaction with CC's	Workload rules and evaluations	Crisis management
	Course delivery options	Safety employee health	Records retention	Other institutions CBA
	Academic quality control	Aging facility and equipment	Research/teaching assistants	Economic management
	Technology outdated compatability	Employee staffing levels	Contractual agreements	
	Administrative strength & operation	Liabilities	Donor fund restrictions	
	Supervisory responsibility & training	Communication channels	Travel related issues	
	Investigation time and costs	Foundation campaign reporting	Hostile work environment	
	Faculty reassigned time conflicts	Emergency and crisis planning	Higher Education Act	
	Faculty post-tenure review	Safety student travel	Financial Aid	
	Faculty salary increases	Safety alcohol and suicide	NCAA conference regulations	
	Policies and procedures	Service to students at centers	Employee morale	
	Faculty development	Safety international travel	Public Employees Benefit Board	
	Agreements with other organizations	Position control system	Union Unfair Labor Practices	
	Student fees	IT infrastructure	Faculty and staff grievances	
	Faculty over/under payments	Information silos	Attorney client privilege	
	Revenue generation activities	Human and animal subjects	Faculty litigation banked hours	
	Distance education expanded capacity		Memorandum of Understanding	
	Search committees		SEVIS	
			Faculty exchange salary	
			Internal Revenue Service	