Washington State University

<p align="center">**Office of Internal Audit**
Fiscal Year 2025
Status through March 31, 2025</p>

Internal Audit engages in four primary service activities – assurance audits, investigations, liaison activities and advisory services. The focus of our efforts is to assist management in the proper discharge of their duties by providing evaluation and feedback of internal control systems and operations.

At reporting date, Internal Audit includes:
- Heather Lopez, Chief Audit Executive
- Air Khemcharoen, IT Auditor
- Aaron Alonzo, Sr. Auditor

Audit Manager position vacated December 2 will be filled by Christine Croskey, effective April 16
Sr. Auditor position vacated January 6 remains open

The FY 2025 Audit Plan was developed with consideration of five audit positions filled with experienced auditors, one of these positions at an estimated 70% FTE. Unplanned changes to staffing have impacted timely progress on active audit projects and the ability to engage some projects in the annual plan.

The following planned projects have been completed or are engaged and to be completed by end of year:

FY 2025 Audit Plan	
Rollover - GLBA Safeguards	FERPA Compliance
Rollover - Pcard Admin	Registered Student Organizations
Rollover - Hiring Incentive	Petty Cash
Rollover - Dept Audit Teaching & Learning	Compensation
Dept Audit CPPS (Pharmacy)	Consulting Agreements
Dept Audit Govt. Relations	
Dept Audit Murrow	Continuous Audit Approach^

^see page 2 for more detail

The following planned projects, *if not engaged by June 1*, will be reassessed for either removal from the audit plan or automatic rollover to the FY 2026 audit plan for completion in that period.
- Tuition Waiver
- IT Security – Remote Work
- Enrollment Management

	FY 2025 (to date)		Prior Year (to date)	
Other Audit Services	#	Effort (hrs)	#	Effort (hrs)
Guidance - Controls	109	330	94	119
Tips - Fraud, Waste and Abuse	26	105	25	19
Total Advisory	135	435	119	138
Investigation	12	237	7	352
Liaison - External Audit/Investigation	7	132	3	237.25

State Auditor's Office: 2 Accountability, 2 Whistleblower, 1 Loss Report
Executive Ethics Board: 2 Ethics

Continuous Audit Approach

Since 2008, Internal Audit has included some form of continuous audit approach testing on each year's annual audit plan. Continuous audit is not the same as continuous monitoring – a simple breakdown:

	Continuous Monitoring (Management)	Continuous Auditing (Internal Audit)
Focus	Real-time feedback on the performance and effectiveness of business processes and controls.	Enhance efficiency and effectiveness of audit activities by providing timely insights into risk and control environments.
Purpose	Real-time - Identify potential problems and threats quickly, enabling timely intervention and correction.	Gather evidence (support for transactions, indication of approvals, etc.) on an ongoing basis sufficient to support conclusions.
Scope	Typically encompassing all aspects of business operations and key performance indicators.	Most focused on financial, compliance and technology risks rather than operations.
Example	Monitor IT systems for security threats.	Automate the collection and review of audit evidence from systems to support transactions, processes and controls.

WSU's Internal Audit applies a modified approach to Continuous Auditing. The most automated processes are the timely extraction of data, clean up and application of queries/formulae to carve out results that don't meet expectations and get flagged for further review. The annual plan includes an allocation of effort each year to further enhance these automated processes to better capture more data for more processes and hone in quicker on not just anomalies but apply predictions of activity.

The FY 25 Continuous Audit approach to date has included the following query activities that focus on review for fraud risk or compliance. At the end of the fiscal year all results as communicated to management will be summarized in a comprehensive report:

Type of Query	Risk to be Addressed
Pcard to Exp Report	Duplicates
Vendors: Pcard to Invoices	Duplicates
University Travel Card	Personal use/ethics, misappropriation
Payroll expense: relocation pay	NonCompliance, duplicates, lack of approval
Payroll expense: awards	NonCompliance, lack of approval
Payroll expense: incentives/new pay types	Appropriate support/approval
Cell phone allowance with LWOP	Amounts should be prorated
Required training	NonCompliance
Pcard split transactions	Circumvent bid thresholds/limits
Enterprise rental on state contract to Expense	Abuse of state resources
Security role delegations	Appropriate oversight
Nontravel on Expense Report	Circumvent contract review process
Paid professional leave - position term	Obligations for employment term not met
Asset Assignment	Assets not recovered at separation
No time off over x period	Misuse of time