

PERFORMANCE AUDIT

Work in progress: Audit description

Reducing Deficits at the University of Washington's School of Dentistry

The University of Washington School of Dentistry provides the only university-level training for dentists in Washington. In addition, its specialty programs offer some of the most advanced dental care in the Pacific Northwest. Its educational model involves practice clinics where students provide dental care to the public, and the school is one of the largest providers of dental services to low-income patients in the state.

The School of Dentistry has operated at a deficit for years, accumulating \$38 million in operating debt. In response to the deficit, the school has raised tuition, cut staff and sought additional state funding. Although the growth in debt has slowed, the school's financial problems have continued for nearly a decade despite multiple plans meant to improve the school's finances and university policies that prohibit deficit spending.

While the school is addressing its deficit, significant challenges remain. One likely cause of the deficit is under-compensation for the care the school provides to patients covered by the state's Medicaid system. Another is the state-of-the-art, but underused, pediatric dental clinic, which does not recoup its cost. Many stakeholders said they had difficulty obtaining accurate financial information. Others have raised concerns that the university may lack effective controls to prevent and respond to similar financial problems in the future.

Preliminary scope and objectives

This performance audit of the School of Dentistry will provide insights into the root causes of the school's deteriorated financial condition and examine those areas contributing most to the debt. The audit will identify ways the school can use financial and performance data to make better financial decisions. Finally, it will evaluate the university's governance model and provide recommendations to help prevent similar problems at other schools and departments within the UW system. This audit will seek to answer the following questions:

- What were the key financial causes of the School of Dentistry's accumulated operating debt?
- How can the School of Dentistry better use financial and productivity data to inform decision-making and improve financial sustainability?
- How can the University of Washington improve its governance model to prevent and respond to similar financial management problems in other schools and departments?

Timing

We plan to publish the audit results in December 2019.



Office of the
Washington
State Auditor
Pat McCarthy

Director of
Performance and
IT Audit:
Scott Frank

(360) 902-0376

Scott.Frank@sao.wa.gov

Principal
Performance Auditor:
Tania Fleming

(360) 725-5627

Tania.Fleming@sao.wa.gov

Lead Performance
Auditor:

Lori Reimann
Garretson

(206) 767-3199

Lori.Garretson@sao.wa.gov

Office of the
Washington State
Auditor

P.O. Box 40021

Olympia, WA

98504-0021

www.sao.wa.gov

[@WASateAuditor](https://twitter.com/WASateAuditor)

May 2019