

Single Audit Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State of Washington
Office of Financial Management
May 2021



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State of Washington
Single Audit Report
For Fiscal Year Ended
June 30, 2020

Financial Statements Section

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

State of Washington July 1, 2019 through June 30, 2020

The Honorable Jay Inslee
State of Washington
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed on page 730.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Retirement Systems, the Local Government Investment Pool, the University of Washington, or the funds managed by the State Investment Board. Those financial statements represent part or all of the total assets, net position, and revenues or additions of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Net Position	Percent of Revenues / Additions
Governmental Activities	14.1%	27.2%	7.6%
Business-Type Activities	80.4%	100.0%	26.3%
Higher Education Special Revenue Fund	53.3%	50.1%	49.1%
Higher Education Endowment Fund	98.4%	97.5%	72.7%
Higher Education Student Services Fund	70.8%	100.0%	90.3%
Workers' Compensation Fund	96.2%	100.0%	40.3%
Aggregate Discretely Presented Component Units and Remaining Fund Information	94.2%	91.7%	23.7%

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities and funds listed above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely

presented component units and remaining fund information of the State of Washington, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$53.0 billion, which comprise 32.2 percent of the total assets and 35.6 percent of the net position of the aggregate discretely presented component units and remaining fund information. The fair values of those investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 730 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

December 17, 2020

MD&A
Management's Discussion and Analysis

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MD&A

Management's Discussion & Analysis

As managers of the state of Washington, we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. We present this information in conjunction with the information included in our letter of transmittal, which can be found preceding this narrative, and with the state's financial statements, which follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Total assets and deferred outflows of the state of Washington exceeded its liabilities and deferred inflows by \$25.08 billion (reported as net position). Of this amount, \$(14.45) billion was reported as "unrestricted net position." A negative balance indicates that no funds were available for discretionary purposes.
- The state of Washington's governmental funds reported a combined ending fund balance of \$19.84 billion, an increase of 1.6 percent compared with the prior year.
- The state's capital assets increased by \$1.06 billion, total bond debt increased by \$696.0 million, and the state's net investment in capital assets is \$24.20 billion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the state of Washington's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is on both the state as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government), and enhance the state's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the state of

Washington's finances, in a manner similar to a private sector business.

Statement of Net Position. The Statement of Net Position presents information on all of the state of Washington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the state of Washington is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information showing how the state's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type, and component unit). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various state activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of the state of Washington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the state of Washington include education, human services, transportation, natural resources, adult corrections, and general government.

The business-type activities of the state of Washington include the workers' compensation and unemployment compensation programs, and various higher education student services such as housing and dining.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The state of Washington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the state can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on fund balances at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment Fund. Individual fund data for the state's nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The state of Washington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds represent an accounting device used to accumulate and allocate costs internally among the state of Washington's various functions. The state of Washington uses internal service funds to account for general services such as motor pool, data processing services, and risk management. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial

statements, but in greater detail. The proprietary fund financial statements provide separate information for the Workers' Compensation Fund, Unemployment Compensation Fund, and the Higher Education Student Services Fund, which are considered to be major funds, as well as an aggregated total for all nonmajor enterprise funds.

The internal service funds are combined for presentation purposes. Individual fund data for the state's nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the state of Washington's own programs. Washington's fiduciary funds also include state administered pension plans. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the state's fiduciary funds are provided in the form of combining statements elsewhere in this report.

Component Units. Component units that are legally separate from the state and primarily serve or benefit those outside the state are discretely presented. They are either financially accountable to the state or have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. The state discretely reports three major component units: the Valley Medical Center, the Washington State Public Stadium Authority, and the Health Benefit Exchange, as well as four nonmajor component units.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

This report also presents required supplementary information on budgetary comparisons, pension plans and other postemployment benefits information, and infrastructure assets reported using the modified approach.

The combining statements referred to earlier are presented immediately following the required supplementary information.

STATE OF WASHINGTON
Statement of Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 34,275	\$ 31,459	\$ 30,017	\$ 28,341	\$ 64,292	\$ 59,800
Capital assets	42,829	41,781	3,428	3,415	46,257	45,196
Total assets	77,104	73,240	33,445	31,756	110,549	104,996
DEFERRED OUTFLOWS OF RESOURCES	2,025	1,459	308	200	2,333	1,659
LIABILITIES						
Current and other liabilities	8,305	6,138	1,256	1,091	9,561	7,229
Long-term liabilities outstanding	36,241	34,827	38,289	34,179	74,530	69,006
Total liabilities	44,546	40,965	39,545	35,270	84,091	76,235
DEFERRED INFLOWS OF RESOURCES	3,317	3,322	392	386	3,709	3,708
NET POSITION						
Net investment in capital assets	23,337	22,261	863	911	24,200	23,172
Restricted	11,757	11,358	3,572	5,068	15,329	16,426
Unrestricted	(3,828)	(3,207)	(10,620)	(9,679)	(14,448)	(12,886)
Total net position	<u>\$ 31,266</u>	<u>\$ 30,412</u>	<u>\$ (6,185)</u>	<u>\$ (3,700)</u>	<u>\$ 25,081</u>	<u>\$ 26,712</u>

Note: The 2019 amounts presented here have not been restated for prior period adjustments. Complete information necessary to fully restate the 2019 amounts was not available. Refer to Note 2 Accounting and Reporting Changes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$25.08 billion at June 30, 2020, as compared to \$26.71 billion as reported at June 30, 2019.

The largest portion of the state's net position (96.5 percent for fiscal year 2020 as compared to 86.7 percent for fiscal year 2019) reflects its net investment in capital assets (e.g., land, buildings, equipment, and intangible assets) less any related debt used to acquire those assets that is still outstanding. The state of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the state of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the state of Washington's net position (61.1 percent for fiscal year 2020 as compared to 61.5 percent for fiscal year 2019) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(14.45) billion represents unrestricted net position. The state's overall negative balance in unrestricted net position is largely due to deficits in business-type activities.

In governmental activities, net position increased from \$30.41 billion in fiscal year 2019 to \$31.27 billion in fiscal year 2020. The increase reflects increases in investment earnings, federal funding, and tax revenues that outpaced the increases in expenses.

In business-type activities, the deficit is caused by unemployment compensation paying out an unprecedented amount of unemployment claims due to COVID-19 and the workers' compensation program that provides time-loss, medical, disability, and pension payments to qualifying individuals who sustain work-related injuries or develop occupational diseases as a result of their required work activities.

The main benefit plans of the workers' compensation program are funded on rates that will keep the plans solvent in accordance with recognized actuarial principles.

The supplemental pension cost-of-living adjustments (COLAs) granted for time-loss and disability payments, however, are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

As previously mentioned, the state's activities are divided between governmental and business-type. The majority of support for governmental activities comes from taxes and intergovernmental grants, while business-type activities are supported primarily through user charges.

STATE OF WASHINGTON						
Changes in Net Position						
(in millions of dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues:						
Charges for services	\$ 6,704	\$ 6,772	\$ 11,502	\$ 8,343	\$ 18,206	\$ 15,115
Operating grants and contributions	18,495	16,728	4,814	65	23,309	16,793
Capital grants and contributions	819	806	—	1	819	807
General revenues:						
Taxes	27,535	26,012	20	22	27,555	26,034
Interest and investment earnings (loss)	507	646	2,128	1,681	2,635	2,327
Total revenues	54,060	50,964	18,464	10,112	72,524	61,076
EXPENSES						
General government	(2,143)	(1,491)	—	—	(2,143)	(1,491)
Education - K-12	(14,715)	(13,872)	—	—	(14,715)	(13,872)
Education - Higher education	(8,303)	(7,985)	—	—	(8,303)	(7,985)
Human services	(21,633)	(19,822)	—	—	(21,633)	(19,822)
Adult corrections	(1,264)	(1,142)	—	—	(1,264)	(1,142)
Natural resources and recreation	(1,384)	(1,351)	—	—	(1,384)	(1,351)
Transportation	(2,701)	(2,809)	—	—	(2,701)	(2,809)
Interest on long-term debt	(1,063)	(1,032)	—	—	(1,063)	(1,032)
Workers' compensation	—	—	(6,387)	(3,975)	(6,387)	(3,975)
Unemployment compensation	—	—	(7,494)	(963)	(7,494)	(963)
Higher education student services	—	—	(3,431)	(3,330)	(3,431)	(3,330)
Other business-type activities	—	—	(3,723)	(1,169)	(3,723)	(1,169)
Total expenses	(53,206)	(49,504)	(21,035)	(9,437)	(74,241)	(58,941)
Excess (deficiency) of revenues over expenses before contributions to endowments and transfers	854	1,460	(2,571)	676	(1,717)	2,136
Contributions to endowments	82	152	—	—	82	152
Transfers	205	216	(201)	(217)	4	(1)
Increase (decrease) in net position	1,141	1,828	(2,772)	459	(1,631)	2,287
Net position - July 1, as restated	30,125	28,584	(3,413)	(4,159)	26,712	24,425
Net position - June 30	\$ 31,266	\$ 30,412	\$ (6,185)	\$ (3,700)	\$ 25,081	\$ 26,712

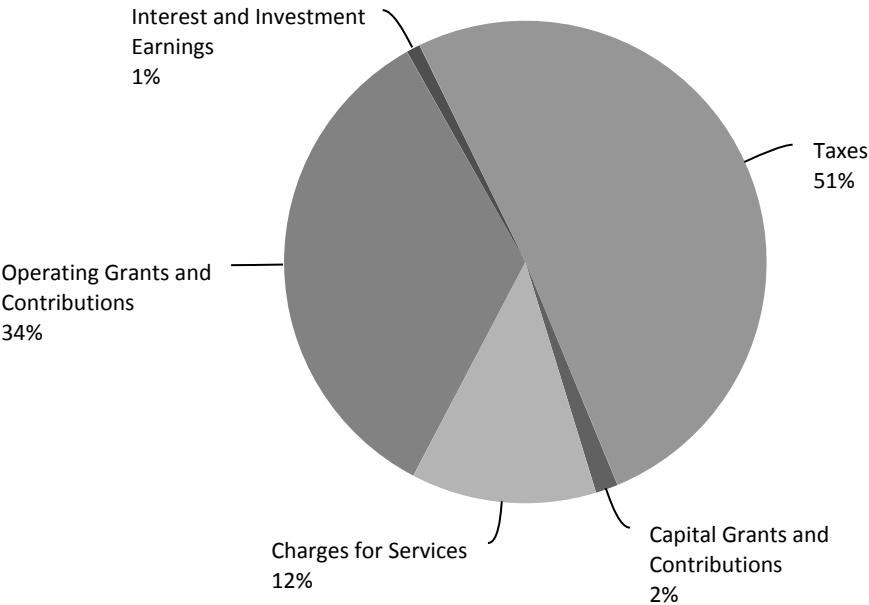
Governmental Activities. Governmental activities resulted in an increase in the state of Washington's net position of \$1.14 billion. A number of factors were in play including increases in tax revenues and federal grants greater than spending increases on K-12 education and human services.

- Tax revenues increased by \$1.52 billion in fiscal year 2020 as compared to fiscal year 2019 reflecting continuing strength in the property values and real estate sales. Sales and use tax, which are the main tax revenue for governmental activities, reported a slight decrease of \$5.5 million. Business and occupation tax increased by \$220.8 million. Property tax revenue increased by \$770.5 million as property values continue to rise. Revenue from real estate excise taxes, levied on the sale of real estate, increased by \$141.8 million.
- Operating grants and contributions grew by \$1.77 billion in fiscal year 2020 compared with 2019 as federal grants increased in response to COVID-19, and were matched with an increase in human services operating grant expenses as the state responded to the COVID-19 crisis. The state of Washington received \$2.2 billion in federal Coronavirus Relief Funds from the U.S. Department of the Treasury under the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act during fiscal year 2020. As of June 30, 2020, \$1.8 billion of this is unspent and is classified as unearned revenue.
- Expenses grew by \$842.7 million for K-12 education in 2020 as compared to fiscal year 2019. This is the state's continued commitment to meet the needs of K-12 education.

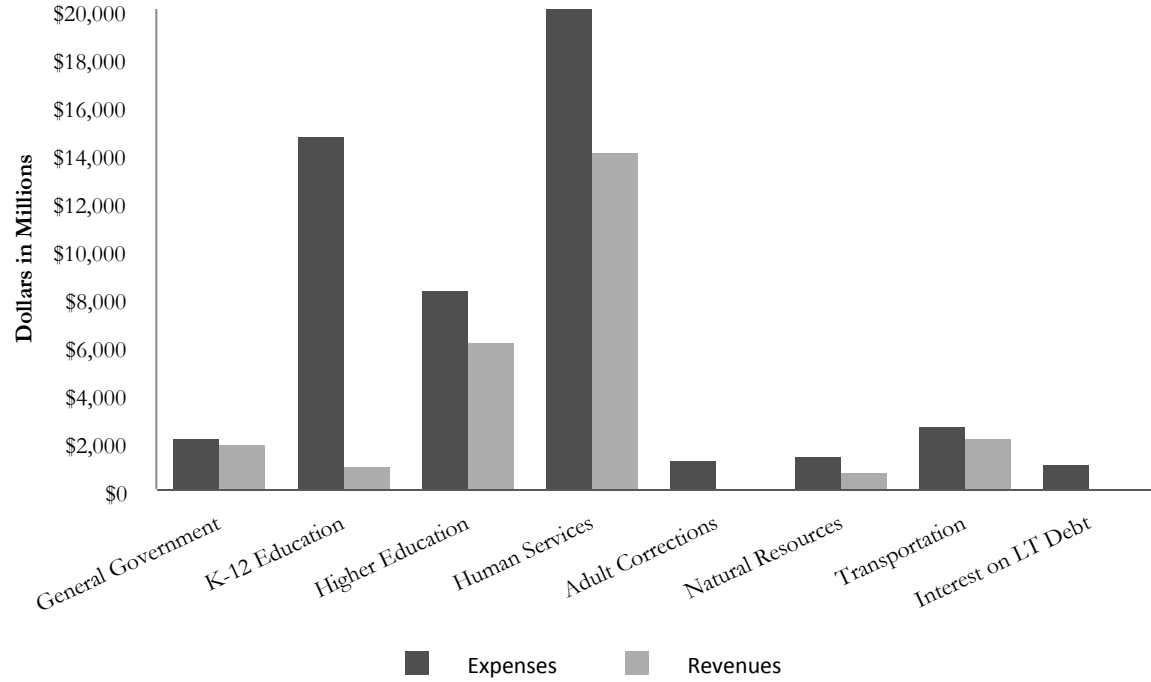
Business-Type Activities. Business-type activities decreased the state of Washington's net position by \$2.77 billion. Key factors contributing to the operating results of business-type activities are:

- The workers' compensation activity decrease in net position in fiscal year 2020 was \$1.83 billion compared to an increase of \$147.7 million in fiscal year 2019. Claim costs increased by \$2.33 billion in fiscal year 2020 as compared with fiscal year 2019. This increase is largely the result of actuarial assumption changes in the Supplemental Pension Fund which are reflected as an increase in current fiscal year claims expense. Investment income increased by \$390.7 million as compared to fiscal year 2019. The workers' compensation portfolio is 81.1 percent debt securities.
- The unemployment compensation activity reported an operating loss in fiscal year 2020 of \$1.61 billion compared to an operating gain of \$134.6 million in fiscal year 2019. Unemployment insurance benefits increased by \$6.53 billion in fiscal year 2020 over fiscal year 2019 due to an increase in unemployment caused by closing of businesses in response to COVID-19. With this higher rate of claims, the Employment Security Department was subject to a higher rate of unemployment fraud. The Unemployment Compensation Fund accounts receivable and allowance for doubtful accounts balances include \$198.2 million and \$166.5 million, respectively, related to the increased imposter fraud the fund experienced after the start of the COVID-19 pandemic. The unemployment rate for the state for June 2020 was 9.8 percent, almost double the unemployment rate for June 2019.
- The Higher Education Student Services activities reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.

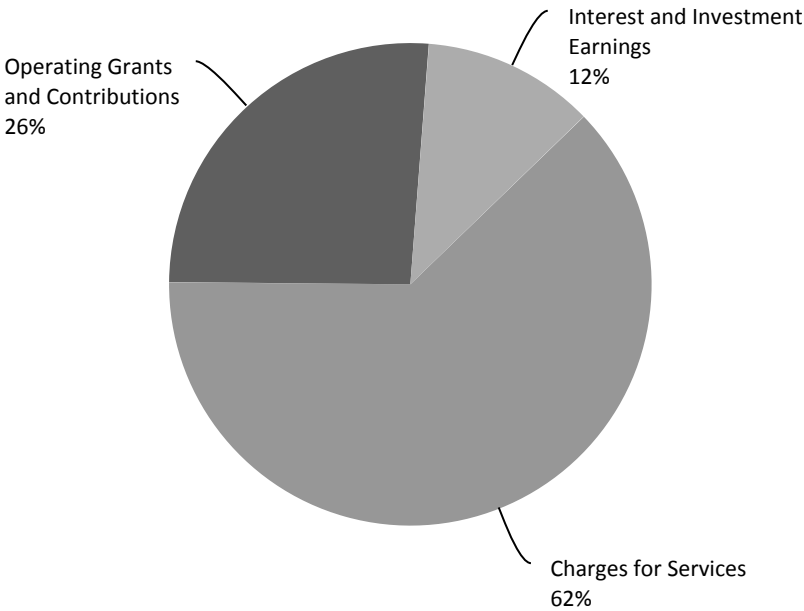
Revenues by Source: Governmental Activities



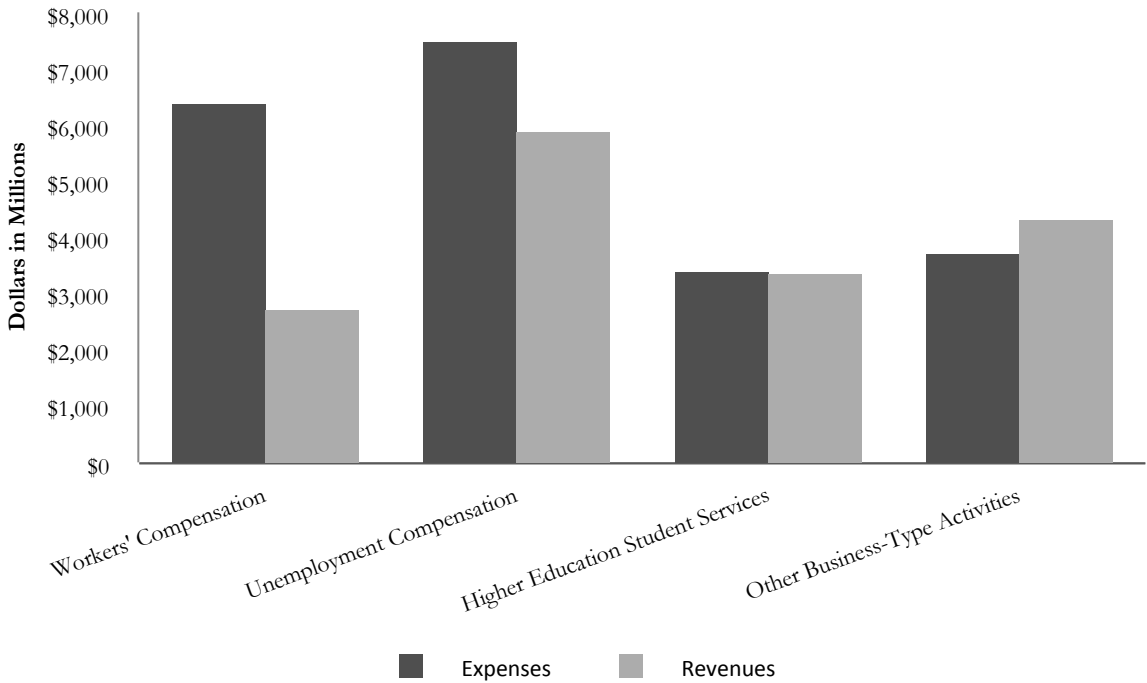
Program Revenues and Expenses: Governmental Activities



Revenues by Source: Business-Type Activities



Program Revenues and Expenses: Business-Type Activities



Financial Analysis of the State's Funds

As noted earlier, the state of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As previously discussed, the focus of the state of Washington's governmental funds is to provide information on near-term inflows, outflows, and fund balances. Such information is useful in assessing the state of Washington's financing requirements.

Fund Balances. At June 30, 2020, the state's governmental funds reported combined ending fund balances of \$19.84 billion. Of this amount, \$3.25 billion or 16.4 percent is nonspendable, either due to its form or legal constraints; and \$6.31 billion or 31.8 percent is restricted for specific programs by external constraints,

constitutional provisions, or contractual obligations. An additional \$7.82 billion or 39.4 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$1.83 billion or 9.2 percent of total fund balance has been assigned to specific purposes by management.

The General Fund is the chief operating fund of the state of Washington. The fund balance decreased by \$70.4 million in fiscal year 2020, as compared to a \$580.5 million decrease in fiscal year 2019. Increased revenues from taxes and federal aid and spending increases in K-12 education and health services, caused by the COVID-19 response, were the key contributing factors. Assigned fund balance of \$1.74 billion is reported for fiscal year 2020 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
General Fund			
(in millions of dollars)			
	Fiscal Year		Difference Increase (Decrease) 2020 - 2019
	2020	2019	
REVENUES			
Taxes	\$ 23,496	\$ 21,801	\$ 1,695
Federal grants	14,512	13,296	1,216
Investment revenue (loss)	114	114	—
Other	855	852	3
Total	38,977	36,063	2,914
EXPENDITURES			
Human services	21,366	19,754	1,612
Education	15,090	14,762	328
Other	1,859	1,710	149
Total	38,315	36,226	2,089
Net transfers in (out)	(838)	(598)	(240)
Other financing sources	106	180	(74)
Net increase (decrease) in fund balance	\$ (70)	\$ (581)	\$ 511

General Fund expenditures continue to be concentrated in services and programs most vital to citizens – primarily human services and public education.

In addition to the General Fund, the state reports the Higher Education Special Revenue and the Higher Education Endowment Funds as major governmental funds. Significant changes in these funds are as follows:

- The change in fund balance of the Higher Education Special Revenue Fund in fiscal year 2020 was an increase of \$31.3 million compared to an increase of \$1.10 billion in fiscal year 2019.
- The fund balance for the Higher Education Endowment Fund increased by \$26.8 million in fiscal year 2020. The increase is a result of positive growth in investment earnings.

Proprietary Funds. The state of Washington's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Significant changes reported in fiscal year 2020 are as follows:

- The Workers' Compensation Fund reported a decrease in net position of \$1.83 billion in fiscal year 2020. Operating revenues decreased by \$45.3 million and operating expenses increased by \$2.41 billion as compared to fiscal year 2019. As previously stated, claim costs increased by \$2.33 billion in fiscal year 2020 as compared with fiscal year 2019. This increase is largely the result of actuarial assumption changes in the Supplemental Pension Fund which are reflected as an increase in current fiscal year claims expense. Investment income increased \$390.7 million over fiscal year 2019.
- Washington's Unemployment Compensation Fund reported a decrease in net position of \$1.50 billion. While unemployment benefit claims expense increased by \$6.53 billion in fiscal year 2020 as compared to 2019, unemployment premiums and assessments increased by \$108.6 million and federal aid increased by \$4.7 billion in fiscal year 2020 as compared to 2019. As previously stated, unemployment insurance benefits increased due to an increase in unemployment caused by closing of businesses in response to COVID-19. Investment income increased by \$1.32 million over fiscal year 2019.
- The Higher Education Student Services Fund reported consistent activity when compared to the prior year. The nonmajor enterprise funds had an addition of a new fund, the Health Insurance Fund, that was changed from an internal service fund due to the addition of local school district employees.

General Fund Budgetary Highlights

Differences between the original budget of the General Fund and the final amended budget reflect increases in mandatory costs driven by rising caseloads and school enrollment as well as other high priority needs. Changes to estimates are summarized as follows:

- Estimated biennial resources increased by \$3.30 billion over the course of the fiscal year. The major increase in estimated resources is additional property tax and federal grants-in-aid.

- Appropriated expenditure authority increased by \$1.29 billion over the course of the fiscal year to address increases in the state's health program's and general government agencies' response to COVID-19.

The state did not overspend its legal spending authority for the 2019-21 biennium. Actual General Fund revenues and expenditures were 52.0 and 47.0 percent of final budgeted resources and appropriations, respectively, for the 2019-21 biennium.

Capital Assets, Infrastructure, and Bond Debt Administration

Capital Assets. The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$46.26 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, and intangible assets, as well as construction in progress.

Washington's fiscal year 2020 investment in capital assets, net of current year depreciation, increased \$1.06 billion over fiscal year 2019, including increases to the state's transportation infrastructure of \$602.7 million. The state's construction in progress includes both new construction and major improvements to state capital facilities and infrastructure. Remaining commitments on these construction projects total \$1.84 billion.

Additional information on the state of Washington's capital assets can be found in Note 6.

Infrastructure. The state of Washington uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. Assets accounted for under this approach include approximately 20,876 pavement lane miles, 3,942 bridges and tunnels, and 47 highway safety rest areas. The total count of bridges includes vehicular bridges of all lengths, pedestrian bridges, and tunnels. Infrastructure asset categories are predominantly assessed on a two-year cycle, either on a calendar year or fiscal year basis.

STATE OF WASHINGTON
Capital Assets - Net of Depreciation
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 *	2020	2019 *	2020	2019 *
Land	\$ 2,896	\$ 2,817	\$ 74	\$ 74	\$ 2,970	\$ 2,891
Transportation infrastructure and other assets not depreciated	26,292	25,685	5	5	26,297	25,690
Buildings	8,626	8,769	2,888	2,860	11,514	11,629
Furnishings, equipment, and intangible assets	2,167	2,209	133	163	2,300	2,372
Other improvements and infrastructure	1,317	1,355	79	83	1,396	1,438
Construction in progress	1,531	946	249	231	1,780	1,177
Total	<u>\$ 42,829</u>	<u>\$ 41,781</u>	<u>\$ 3,428</u>	<u>\$ 3,416</u>	<u>\$ 46,257</u>	<u>\$ 45,197</u>

*Prior year balances restated for comparability

The state of Washington's goal is to maintain 85 percent of pavements and 90 percent of bridges at a condition level of fair or better. The condition of these assets, along with the rating scales, and additional detail comparing planned to actual preservation and maintenance spending are available in the required supplementary information. In 2018, the Washington State Department of Transportation updated its Capital Assets - Infrastructure Policy to report the average of the three most recent assessment periods, as opposed to just the most recent period.

The most recent pavements condition assessment indicates that 94.1 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 93.5 percent in fair or better condition. For fiscal year 2020, actual maintenance and preservation expenditures were 12.8 percent lower than planned; and over the past five fiscal years, the actual expenditures were 1.2 percent lower than planned.

The most recent condition assessment of bridges over 20 feet in length indicates that 92.9 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 92.3 percent in good or fair condition. For fiscal year 2020, the actual maintenance and preservation expenditures were 18.7 percent lower than planned, and over the past five fiscal years, the actual expenditures were 16.6 percent lower than planned.

Bond Debt. At the end of fiscal year 2020, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance premiums of \$20.15 billion, an increase of 2.1 percent from fiscal year 2019. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state

had authorized \$13.83 billion general obligation debt that remains unissued.

General obligation debt is subject to the limitation prescribed by the state Constitution. The aggregate debt contracted by the state as of June 30, 2020, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 8.3 percent of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2015-2020 is \$19.39 billion. The debt service limitation, 8.3 percent of this mean, is \$1.60 billion. The state's maximum annual debt service as of June 30, 2020, subject to the constitutional debt limitation is \$1.22 billion, or \$382.0 million less than the debt service limitation.

For further information on the debt limit, refer to Schedule 11 in the statistical section of this report or the Report on the State of Washington's Debt Limitation, available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2020-for-the-web.pdf>.

By statutory provision, the State Finance Committee (SFC) is authorized to supervise and control the issuance of all state bonds, notes, or other evidences of indebtedness. The SFC is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter serving as chairperson.

As of June 30, 2020, the state of Washington's general obligation debt was rated Aaa by Moody's Investor Service, AA+ by Standard & Poor's Rating Group, and AA+ by Fitch Ratings.

STATE OF WASHINGTON

Bond Debt

(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation (GO) bonds	\$ 19,794	\$ 19,333	\$ —	\$ —	\$ 19,794	\$ 19,333
Accreted interest on zero interest rate GO bonds	359	401	—	—	359	401
Revenue bonds	2,033	2,188	2,235	2,137	4,268	4,325
Unamortized premium on bonds sold	2,132	1,798	180	180	2,312	1,978
Total	<u>\$ 24,318</u>	<u>\$ 23,720</u>	<u>\$ 2,415</u>	<u>\$ 2,317</u>	<u>\$ 26,733</u>	<u>\$ 26,037</u>

The state had revenue debt outstanding at June 30, 2020, of \$4.27 billion, a decrease of \$57.0 million compared to fiscal year 2019. The decrease is primarily related to the state colleges and universities not issuing as many revenue bonds as in prior years. This debt is not supported or intended to be supported by the full faith and credit of the state. Revenue bond debt is generally secured by specific sources of revenue. The exceptions are the University of Washington and Washington State University which issue general revenue bonds that are payable from general revenues of each university.

General obligation and revenue bonds totaling \$620.2 million were refunded during the year. Washington's refunding activity produced \$73.0 million in gross debt service savings.

Additional information on the state's bond debt obligations is presented in Note 7.

Conditions with Expected Future Impact

Economic Outlook. Washington, like many states, is reeling from the impact of COVID-19 on businesses. The state's aerospace industry has been impacted severely with the decrease in demand for air transportation, while the knowledge-based industries including information technology, health, business, and financial services has fared better. Washington's strong housing market and continued sales have had a positive effect on revenue growth. Further loss of jobs could have a negative impact on revenues and could result in an increase in demand for

services from the state. Until the COVID-19 infection rate is under control, the economic outlook will be difficult to predict.

Rainy Day Account. In November 2007, Washington state voters ratified Engrossed Substitute Senate Joint Resolution 8206, amending the Washington Constitution and establishing the Budget Stabilization Account (BSA). The state's Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

On June 30, 2020, \$236.8 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. During fiscal year 2020, by three-fifths vote of each house, the Legislature appropriated \$200.0 million from the BSA for additional state expenditures, COVID-19 emergency services, emergency fire service mobilization, fire suppression, and fire damage recovery costs. The BSA had a fund balance of \$1.68 billion as of June 30, 2020.

Requests for Information

This financial report is designed to provide a general overview of the state of Washington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127.

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Basic Financial Statements
Government-wide Financial Statements

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Statement of Net Position

June 30, 2020

(expressed in thousands)

Continued

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 10,705,045	\$ 6,641,004	\$ 17,346,049	\$ 325,548
Taxes receivable (net of allowance for uncollectibles)	5,793,983	2,405	5,796,388	—
Other receivables (net of allowance for uncollectibles)	2,417,736	2,140,797	4,558,533	107,533
Internal balances	162,172	(162,172)	—	—
Due from other governments	4,637,223	313,311	4,950,534	—
Inventories and prepaids	132,288	72,413	204,701	32,432
Restricted cash and investments	405,116	16,782	421,898	—
Restricted receivables, current	25,155	13,328	38,483	—
Investments, noncurrent	7,330,816	20,550,328	27,881,144	100,027
Restricted investments, noncurrent	—	110,606	110,606	45,208
Restricted net pension asset	2,665,896	776	2,666,672	—
Other assets	—	316,927	316,927	454,914
Capital assets:				
Non-depreciable assets	30,718,509	328,391	31,046,900	89,063
Depreciable assets (net of accumulated depreciation)	12,110,256	3,099,450	15,209,706	549,880
Total capital assets	42,828,765	3,427,841	46,256,606	638,943
Total Assets	77,104,195	33,444,346	110,548,541	1,704,605
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on asset retirement obligations	14,047	—	14,047	—
Deferred outflows on hedging derivatives	2,347	—	2,347	—
Deferred outflows on refundings	3,943	32,549	36,492	15,112
Deferred outflows on pensions	1,383,784	171,106	1,554,890	2,864
Deferred outflows on OPEB	620,344	104,386	724,730	499
Total Deferred Outflows of Resources	2,024,465	308,041	2,332,506	18,475
Total Assets and Deferred Outflows of Resources	\$ 79,128,660	\$ 33,752,387	\$ 112,881,047	\$ 1,723,080

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

June 30, 2020
(expressed in thousands)

Concluded

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 2,274,325	\$ 210,396	\$ 2,484,721	\$ 36,285
Accrued liabilities	1,735,164	708,056	2,443,220	156,586
Obligations under security lending agreements	—	5,413	5,413	—
Due to other governments	1,771,020	123,437	1,894,457	—
Unearned revenues	2,524,268	208,967	2,733,235	94,110
Long-term liabilities:				
Due within one year	1,980,085	2,758,830	4,738,915	14,898
Due in more than one year	34,260,951	35,529,945	69,790,896	337,585
Total Liabilities	44,545,813	39,545,044	84,090,857	639,464
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on refundings	924	288	1,212	—
Deferred inflows on pensions	1,679,264	169,777	1,849,041	3,643
Deferred inflows on OPEB	1,592,086	222,382	1,814,468	1,485
Deferred inflows on irrevocable split interest agreements	44,588	—	44,588	—
Deferred inflows on property taxes	—	—	—	29,190
Total Deferred Inflows of Resources	3,316,862	392,447	3,709,309	34,318
NET POSITION				
Net investment in capital assets	23,337,513	862,654	24,200,167	360,450
Restricted for:				
Unemployment compensation	—	3,571,282	3,571,282	—
Nonexpendable permanent endowments	3,114,011	—	3,114,011	—
Expendable endowment funds	1,501,070	—	1,501,070	—
Pensions	2,335,108	642	2,335,750	—
Wildlife and natural resources	1,189,342	—	1,189,342	—
Transportation	777,129	—	777,129	—
Budget stabilization	1,682,883	—	1,682,883	—
Higher education	116,955	—	116,955	—
Capital projects	62,877	—	62,877	—
Other purposes	977,635	—	977,635	1,840
Unrestricted	(3,828,538)	(10,619,682)	(14,448,220)	687,008
Total Net Position	31,265,985	(6,185,104)	25,080,881	1,049,298
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 79,128,660	\$ 33,752,387	\$ 112,881,047	\$ 1,723,080

The notes to the financial statements are an integral part of this statement.

Statement of Activities
For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 2,143,483	\$ 1,045,340	\$ 850,076	\$ 16,837
Education - K-12 education	14,714,932	17,642	963,884	—
Education - higher education	8,302,725	3,141,910	2,803,890	183,205
Human services	21,633,312	703,386	13,387,204	—
Adult corrections	1,264,309	8,985	2,769	—
Natural resources and recreation	1,384,271	523,721	195,221	34,886
Transportation	2,700,567	1,262,905	292,143	584,376
Interest on long-term debt	1,062,561	—	—	—
Total Governmental Activities	53,206,160	6,703,889	18,495,187	819,304
Business-Type Activities:				
Workers' compensation	6,386,775	2,711,693	9,582	—
Unemployment compensation	7,494,268	1,181,581	4,707,648	—
Higher education student services	3,431,094	3,270,680	95,387	—
Health insurance	2,457,324	2,594,345	—	—
Washington's lottery	642,884	820,254	—	—
Paid family and medical leave	292,761	701,981	—	—
Other	329,662	221,586	515	—
Total Business-Type Activities	21,034,768	11,502,120	4,813,132	—
Total Primary Government	\$ 74,240,928	\$ 18,206,009	\$ 23,308,319	\$ 819,304
Total Component Units	\$ 862,678	\$ 861,778	\$ 56,160	\$ —

General Revenues:

Taxes, net of related credits:

Sales and use

Business and occupation

Property

Motor vehicle and fuel

Excise

Cigarette and tobacco

Public utilities

Insurance premium

Other

Interest and investment earnings

Total general revenues

Excess (deficiency) of revenues over expenses before contributions to endowments and transfers

Contributions to endowments

Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (231,230)	\$ —	\$ (231,230)	
(13,733,406)	—	(13,733,406)	
(2,173,720)	—	(2,173,720)	
(7,542,722)	—	(7,542,722)	
(1,252,555)	—	(1,252,555)	
(630,443)	—	(630,443)	
(561,143)	—	(561,143)	
(1,062,561)	—	(1,062,561)	
<u>(27,187,780)</u>	<u>—</u>	<u>(27,187,780)</u>	
—	(3,665,500)	(3,665,500)	
—	(1,605,039)	(1,605,039)	
—	(65,027)	(65,027)	
—	137,021	137,021	
—	177,370	177,370	
—	409,220	409,220	
—	(107,561)	(107,561)	
<u>—</u>	<u>(4,719,516)</u>	<u>(4,719,516)</u>	
<u>\$ (27,187,780)</u>	<u>\$ (4,719,516)</u>	<u>\$ (31,907,296)</u>	
			<u>\$ 55,260</u>
12,100,739	—	12,100,739	—
4,672,823	—	4,672,823	—
4,133,088	—	4,133,088	24,003
1,549,624	—	1,549,624	—
1,777,328	19,784	1,797,112	—
390,317	—	390,317	—
481,007	—	481,007	—
691,393	—	691,393	—
1,738,613	—	1,738,613	558
507,272	2,127,841	2,635,113	12,661
<u>28,042,204</u>	<u>2,147,625</u>	<u>30,189,829</u>	<u>37,222</u>
854,424	(2,571,891)	(1,717,467)	92,482
81,966	—	81,966	—
204,805	(200,688)	4,117	—
<u>1,141,195</u>	<u>(2,772,579)</u>	<u>(1,631,384)</u>	<u>92,482</u>
30,124,790	(3,412,525)	26,712,265	956,816
<u>\$ 31,265,985</u>	<u>\$ (6,185,104)</u>	<u>\$ 25,080,881</u>	<u>\$ 1,049,298</u>

Basic Financial Statements
Fund Financial Statements

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Balance Sheet

GOVERNMENTAL FUNDS

June 30, 2020
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 4,646,370	\$ 784,423	\$ 766,954	\$ 3,900,849	\$ 10,098,596
Investments	111,709	2,558,438	4,348,689	295,625	7,314,461
Taxes receivable (net of allowance)	5,490,313	75,269	—	228,401	5,793,983
Receivables (net of allowance)	769,978	678,449	25,750	925,191	2,399,368
Due from other funds	519,836	813,104	18	351,825	1,684,783
Due from other governments	1,740,232	174,416	76	2,570,337	4,485,061
Inventories and prepaids	17,383	33,030	—	48,843	99,256
Restricted cash and investments	85,026	691	460	181,345	267,522
Restricted receivables	—	20,599	—	870	21,469
Total Assets	13,380,847	5,138,419	5,141,947	8,503,286	32,164,499
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on hedging derivatives	—	—	—	2,347	2,347
Total Deferred Outflows of Resources	—	—	—	2,347	2,347
Total Assets and Deferred Outflows of Resources	\$ 13,380,847	\$ 5,138,419	\$ 5,141,947	\$ 8,505,633	\$ 32,166,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,581,611	\$ 135,729	\$ 68,344	\$ 437,109	\$ 2,222,793
Accrued liabilities	444,798	621,530	60,673	163,578	1,290,579
Due to other funds	335,885	24,869	515,676	597,143	1,473,573
Due to other governments	1,390,982	51,789	—	171,634	1,614,405
Unearned revenue	1,952,369	280,615	—	287,598	2,520,582
Claims and judgments payable	52,104	—	—	129,214	181,318
Total Liabilities	5,757,749	1,114,532	644,693	1,786,276	9,303,250
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,843,981	22,013	18,773	90,064	2,974,831
Deferred inflows on irrevocable split interest agreements	—	—	44,588	—	44,588
Total Deferred Inflows of Resources	2,843,981	22,013	63,361	90,064	3,019,419
FUND BALANCES					
Nonspendable fund balance	52,407	33,031	2,885,769	277,085	3,248,292
Restricted fund balance	1,734,102	76,128	1,548,124	2,949,537	6,307,891
Committed fund balance	598,772	3,800,084	—	3,423,078	7,821,934
Assigned fund balance	1,740,952	92,631	—	—	1,833,583
Unassigned fund balance	652,884	—	—	(20,407)	632,477
Total Fund Balances	4,779,117	4,001,874	4,433,893	6,629,293	19,844,177
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,380,847	\$ 5,138,419	\$ 5,141,947	\$ 8,505,633	\$ 32,166,846

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet to the Statement of Net Position GOVERNMENTAL FUNDS

June 30, 2020
(expressed in thousands)

Total Fund Balances for Governmental Funds	\$	19,844,177

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Non-depreciable assets	\$	30,706,195	
Depreciable assets		22,856,055	
Less: Accumulated depreciation		(11,530,226)	
Total capital assets			42,032,024

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are considered deferred inflows in the funds.	2,974,831

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds.	2,665,896

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the funds.	1,936,763

Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the funds.	(3,131,777)

Unmatured interest on general obligation bonds is not recognized in the funds until due.	(395,321)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	(996,560)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and other financing contracts payable	\$	(24,078,664)	
Accreted interest on bonds		(359,293)	
Compensated absences		(738,770)	
Other postemployment benefits obligations		(4,885,626)	
Net pension liability		(2,791,100)	
Unclaimed property		(245,763)	
Pollution remediation obligations		(175,852)	
Claims and judgments		(39,287)	
Asset retirement obligation		(27,939)	
Other obligations		(321,754)	
Total long-term liabilities			(33,664,048)

Net Position of Governmental Activities	\$	31,265,985

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 11,984,575	\$ —	\$ —	\$ 116,164	\$ 12,100,739
Business and occupation taxes	4,596,484	71,318	—	5,021	4,672,823
Property taxes	3,738,779	—	—	—	3,738,779
Excise taxes	1,141,648	115,575	—	520,105	1,777,328
Motor vehicle and fuel taxes	—	—	—	1,549,624	1,549,624
Other taxes	2,034,465	717,918	—	438,947	3,191,330
Licenses, permits, and fees	138,978	1,112	—	1,805,042	1,945,132
Other contracts and grants	325,966	1,390,562	—	158,474	1,875,002
Timber sales	4,559	—	14,290	134,578	153,427
Federal grants-in-aid	14,511,874	1,559,558	—	1,368,055	17,439,487
Charges for services	50,472	2,847,241	—	692,967	3,590,680
Investment income (loss)	114,104	133,980	137,746	121,442	507,272
Miscellaneous revenue	221,349	177,264	4,688	542,128	945,429
Contributions and donations	—	—	81,966	—	81,966
Unclaimed property	114,157	—	—	—	114,157
Total Revenues	38,977,410	7,014,528	238,690	7,452,547	53,683,175
EXPENDITURES					
Current:					
General government	1,059,776	226	182	875,662	1,935,846
Human services	21,365,925	16,392	—	1,197,316	22,579,633
Natural resources and recreation	512,328	—	—	784,188	1,296,516
Transportation	63,093	—	—	2,211,882	2,274,975
Education	15,090,446	6,720,055	756	732,105	22,543,362
Intergovernmental	129,715	—	—	390,035	519,750
Capital outlays	71,077	189,718	6,407	1,840,748	2,107,950
Debt service:					
Principal	15,534	61,839	—	1,230,802	1,308,175
Interest	7,561	33,436	—	1,054,278	1,095,275
Total Expenditures	38,315,455	7,021,666	7,345	10,317,016	55,661,482
Excess of Revenues Over (Under) Expenditures	661,955	(7,138)	231,345	(2,864,469)	(1,978,307)
OTHER FINANCING SOURCES (USES)					
Bonds issued	97,409	11,306	—	1,441,051	1,549,766
Refunding bonds issued	—	—	—	620,210	620,210
Payments to escrow agents for refunded bond debt	—	—	—	(632,504)	(632,504)
Issuance premiums	2,429	3,268	—	495,686	501,383
Other debt issued	5,534	22,141	—	172	27,847
Refunding COPs issued	—	37,842	—	—	37,842
Transfers in	788,260	1,020,547	23,594	2,786,909	4,619,310
Transfers out	(1,625,945)	(1,056,662)	(228,176)	(1,519,169)	(4,429,952)
Total Other Financing Sources (Uses)	(732,313)	38,442	(204,582)	3,192,355	2,293,902
Net Change in Fund Balances	(70,358)	31,304	26,763	327,886	315,595
Fund Balances - Beginning, as restated	4,849,475	3,970,570	4,407,130	6,301,407	19,528,582
Fund Balances - Ending	\$ 4,779,117	\$ 4,001,874	\$ 4,433,893	\$ 6,629,293	\$ 19,844,177

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2020

(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	315,595

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 1,752,472	
Less: Depreciation expense	<u>(699,899)</u>	1,052,573

Some revenues in the Statement of Activities do not provide current financial resources, and therefore are unavailable in governmental funds. Also, revenues related to prior periods that became available during the current period are reported in governmental funds but are eliminated in the Statement of Activities. This amount is the net adjustment.

467,316

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

(526,450)

Bond proceeds and other financing contracts provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. In the current period, these amounts consist of:

Bonds and other financing contracts issued	\$ (2,737,741)	
Principal payments on bonds and other financing contracts	2,106,015	
Accreted interest on bonds	<u>41,860</u>	(589,866)

Some expenses/revenue reductions reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in governmental funds. Also payments of certain obligations related to prior periods are recognized in governmental funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:

Compensated absences	\$ (77,393)	
Other postemployment benefits	(125,239)	
Pensions	663,581	
Pollution remediation	(43,014)	
Claims and judgments	(2,342)	
Accrued interest	5,134	
Unclaimed property	(2,195)	
Asset retirement obligations	(1,592)	
Other obligations	<u>5,087</u>	422,027

Change in Net Position of Governmental Activities	\$	<u>1,141,195</u>

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

PROPRIETARY FUNDS

June 30, 2020
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 69,220	\$ 2,972,974	\$ 908,489
Investments	1,561,509	—	12,905
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	835,938	714,774	333,937
Due from other funds	143	13,937	14,540
Due from other governments	1,976	49,595	78,964
Inventories	115	—	53,267
Prepaid expenses	1,570	—	6,561
Restricted cash and investments	461	—	16,321
Restricted receivables	—	—	13,328
Total Current Assets	2,470,932	3,751,280	1,438,312
Noncurrent Assets:			
Investments, noncurrent	18,754,346	—	214,230
Restricted investments, noncurrent	—	—	110,606
Restricted net pension asset	—	—	776
Other noncurrent assets	4,226	—	229,343
Capital assets:			
Land and other non-depreciable assets	3,204	—	74,277
Buildings	65,111	—	4,515,828
Other improvements	1,289	—	117,418
Furnishings, equipment, and intangibles	105,113	—	741,313
Infrastructure	—	—	59,753
Accumulated depreciation	(138,479)	—	(2,395,037)
Construction in progress	916	—	196,643
Total Noncurrent Assets	18,795,726	—	3,865,150
Total Assets	21,266,658	3,751,280	5,303,462
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	—	—	32,495
Deferred outflows on pensions	31,105	—	123,688
Deferred outflows on OPEB	16,997	—	70,483
Total Deferred Outflows of Resources	48,102	—	226,666
Total Assets and Deferred Outflows of Resources	\$ 21,314,760	\$ 3,751,280	\$ 5,530,128

The notes to the financial statements are an integral part of this statement.

Continued

				Governmental Activities	
		Total		Internal Service Funds	
Nonmajor Enterprise Funds					
\$	1,070,259	\$	5,020,942	\$	584,634
	45,648		1,620,062		4,014
	2,405		2,405		—
	256,148		2,140,797		18,368
	367,048		395,668		203,806
	170,338		300,873		39,156
	10,512		63,894		16,954
	388		8,519		16,078
	—		16,782		137,594
	—		13,328		3,686
	1,922,746		9,583,270		1,024,290
	1,581,752		20,550,328		34,153
	—		110,606		—
	—		776		—
	83,358		316,927		—
	1,540		79,021		7,559
	12,828		4,593,767		610,011
	5,772		124,479		15,122
	36,586		883,012		1,064,711
	—		59,753		2,170
	(28,045)		(2,561,561)		(907,586)
	51,811		249,370		4,753
	1,745,602		24,406,478		830,893
	3,668,348		33,989,748		1,855,183
	54		32,549		2,832
	16,313		171,106		57,077
	16,906		104,386		25,446
	33,273		308,041		85,355
\$	3,701,621	\$	34,297,789	\$	1,940,538

Statement of Net Position PROPRIETARY FUNDS

June 30, 2020
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 9,437	\$ —	\$ 171,640
Accrued liabilities	271,595	82,064	279,332
Obligations under security lending agreements	—	—	—
Bonds and notes payable	—	—	153,402
Net pension liability	33	—	733
Total OPEB liability	2,280	—	9,328
Due to other funds	5,832	1,375	179,692
Due to other governments	1,691	96,559	2,280
Unearned revenue	8,083	—	169,281
Claims and judgments payable	2,230,385	—	—
Total Current Liabilities	2,529,336	179,998	965,688
Noncurrent Liabilities:			
Claims and judgments payable	30,562,756	—	—
Bonds and notes payable	—	—	2,552,460
Net pension liability	69,061	—	257,360
Total OPEB liability	129,957	—	531,628
Other long-term liabilities	8,652	—	91,787
Total Noncurrent Liabilities	30,770,426	—	3,433,235
Total Liabilities	33,299,762	179,998	4,398,923
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	—	—	288
Deferred inflows on pensions	37,201	—	115,354
Deferred inflows on OPEB	41,997	—	161,830
Total Deferred Inflows of Resources	79,198	—	277,472
NET POSITION			
Net investment in capital assets	37,155	—	751,166
Restricted for:			
Unemployment compensation	—	3,571,282	—
Pensions	—	—	642
Unrestricted	(12,101,355)	—	101,925
Total Net Position	(12,064,200)	3,571,282	853,733
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 21,314,760	\$ 3,751,280	\$ 5,530,128

The notes to the financial statements are an integral part of this statement.

Concluded

		Governmental Activities	
		Total	Internal Service Funds
	Nonmajor Enterprise Funds		
\$	29,319	\$ 210,396	\$ 51,532
	255,903	888,894	101,516
	5,413	5,413	—
	3,552	156,954	130,072
	—	766	1,189
	1,058	12,666	3,096
	375,740	562,639	247,963
	5,671	106,201	39,796
	31,603	208,967	3,686
	177,220	2,407,605	177,395
	885,479	4,560,501	756,245
	16,831	30,579,587	1,141,764
	2,660	2,555,120	505,134
	30,725	357,146	188,661
	60,309	721,894	176,461
	1,215,759	1,316,198	28,336
	1,326,284	35,529,945	2,040,356
	2,211,763	40,090,446	2,796,601
	—	288	107
	17,222	169,777	62,106
	18,555	222,382	78,284
	35,777	392,447	140,497
	74,333	862,654	243,890
	—	3,571,282	—
	—	642	—
	1,379,748	(10,619,682)	(1,240,450)
	1,454,081	(6,185,104)	(996,560)
\$	3,701,621	\$ 34,297,789	\$ 1,940,538

Statement of Revenues, Expenses, and Changes in Net Position

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 38,282
Less: Cost of goods sold	—	—	(33,507)
Gross profit	—	—	4,775
Charges for services	8	—	2,996,378
Premiums and assessments	2,658,958	1,155,021	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	4,707,648	—
Miscellaneous revenue	52,699	26,559	218,597
Total Operating Revenues	2,711,665	5,889,228	3,219,750
OPERATING EXPENSES			
Salaries and wages	200,115	—	1,247,602
Employee benefits	59,563	—	334,146
Personal services	15,829	—	121,281
Goods and services	100,992	—	1,347,117
Travel	4,381	—	22,016
Premiums and claims	5,900,718	7,494,268	—
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	7,508	—	212,351
Miscellaneous expenses	97,669	—	23,678
Total Operating Expenses	6,386,775	7,494,268	3,308,191
Operating Income (Loss)	(3,675,110)	(1,605,040)	(88,441)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	1,836,909	109,463	42,055
Interest expense	—	—	(89,396)
Tax and license revenue	112	—	—
Other revenues (expenses)	9,610	—	112,810
Total Nonoperating Revenues (Expenses)	1,846,631	109,463	65,469
Income (Loss) Before Contributions and Transfers	(1,828,479)	(1,495,577)	(22,972)
Capital contributions	—	—	—
Transfers in	—	—	636,248
Transfers out	(3,439)	—	(661,487)
Net Contributions and Transfers	(3,439)	—	(25,239)
Change in Net Position	(1,831,918)	(1,495,577)	(48,211)
Net Position - Beginning, as restated	(10,232,282)	5,066,859	901,944
Net Position - Ending	\$ (12,064,200)	\$ 3,571,282	\$ 853,733

The notes to the financial statements are an integral part of this statement.

Nonmajor Enterprise Funds		Governmental Activities	
		Total	Internal Service Funds
\$	98,912	\$	137,194
	(66,588)		(100,095)
	32,324		37,099
			6,145
	107,390		3,103,776
	3,308,408		771,802
	817,299		7,122,387
	—		159,895
	—		817,299
	6,622		—
	4,272,043		4,707,648
			—
			304,477
			184,458
			1,122,300
	99,447		1,547,164
	34,265		335,806
	32,483		427,974
	124,867		169,593
	1,391		1,572,976
	2,680,434		371,377
	144,374		4,237
	530,238		27,788
	2,803		16,075,420
	633		715,138
	3,650,935		144,374
	621,108		530,238
			—
			222,662
			102,266
			534
			534
			3,650,935
			20,840,169
			1,661,756
			(539,456)
	139,414		2,127,841
	(5,111)		6,255
	19,672		(94,507)
	53		(17,338)
	154,028		10
	775,136		122,473
			(437)
			(11,510)
			(550,966)
	—		—
	11,331		9,071
	(183,339)		61,423
	(172,008)		(848,265)
			(45,978)
			24,516
	603,128		(2,772,578)
	850,953		(526,450)
			(470,110)
\$	1,454,081	\$	(6,185,104)
		\$	(996,560)

Statement of Cash Flows

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,592,379	\$ 841,185	\$ 3,235,220
Payments to suppliers	(2,395,022)	(7,415,958)	(1,638,474)
Payments to employees	(271,521)	—	(1,575,036)
Other receipts	52,699	4,734,089	218,596
Net Cash Provided (Used) by Operating Activities	(21,465)	(1,840,684)	240,306
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	636,248
Transfers out	(3,439)	—	(661,487)
Operating grants and donations received	9,069	—	86,218
Taxes and license fees collected	112	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	5,742	—	60,979
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	—	—	(90,608)
Principal payments on long-term capital financing	—	—	(110,725)
Proceeds from long-term capital financing	—	—	221,476
Proceeds from sale of capital assets	38	—	15,660
Acquisitions of capital assets	(1,355)	—	(200,022)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,317)	—	(164,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	778,044	109,463	15,188
Proceeds from sale of investment securities	7,918,972	—	57,791
Purchases of investment securities	(8,669,132)	—	(79,644)
Net Cash Provided (Used) by Investing Activities	27,884	109,463	(6,665)
Net Increase (Decrease) in Cash and Pooled Investments	10,844	(1,731,221)	130,401
Cash and cash equivalents, July 1, as restated	58,837	4,704,195	794,409
Cash and cash equivalents, June 30	\$ 69,681	\$ 2,972,974	\$ 924,810
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (3,675,110)	\$ (1,605,040)	\$ (88,441)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	7,508	—	212,351
Revenue reduced for uncollectible accounts	94,986	—	1,559
Change in Assets: Decrease (Increase)			
Receivables	(66,294)	(313,954)	85,269
Inventories	48	—	(11,655)
Prepaid expenses	2,801	—	(1,277)
Other assets	—	—	(150)
Change in Deferred Outflows of Resources: Increase (Decrease)	(10,140)	—	(88,876)
Change in Liabilities: Increase (Decrease)			
Payables	3,626,590	78,310	128,674
Change in Deferred Inflows of Resources: Decrease (Increase)	(1,854)	—	2,852
Net Cash Provided (Used) by Operating Activities	\$ (21,465)	\$ (1,840,684)	\$ 240,306

The notes to the financial statements are an integral part of this statement.

Continued

Nonmajor Enterprise Funds		Governmental Activities	
		Total	Internal Service Funds
\$	4,200,335	\$ 10,869,119	\$ 888,713
	(3,357,875)	(14,807,329)	(535,784)
	(135,797)	(1,982,354)	(455,541)
	6,614	5,011,998	185,013
	713,277	(908,566)	82,401
	11,331	647,579	61,423
	(183,339)	(848,265)	(45,978)
	517	95,804	109
	17,672	17,784	10
	(153,819)	(87,098)	15,564
	(158)	(90,766)	(23,632)
	(490)	(111,215)	(54,155)
	30	221,506	24,598
	16	15,714	3,464
	(25,720)	(227,097)	(92,509)
	(26,322)	(191,858)	(142,234)
	152,119	1,054,814	6,778
	924,951	8,901,714	17,003
	(1,070,933)	(9,819,709)	(7,871)
	6,137	136,819	15,910
	539,273	(1,050,703)	(28,359)
	530,986	6,088,427	750,587
\$	1,070,259	\$ 5,037,724	\$ 722,228
\$	621,108	\$ (4,747,483)	\$ (539,456)
	2,803	222,662	102,266
	27	96,572	209
	(160,088)	(455,067)	(81,727)
	(548)	(12,155)	(1,333)
	(81)	1,443	(3,052)
	—	(150)	—
	(10,910)	(109,926)	(4,830)
	258,331	4,091,905	616,926
	2,635	3,633	(6,602)
\$	713,277	\$ (908,566)	\$ 82,401

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ —	\$ —	\$ —
Acquisition of capital assets through capital leases	—	—	14,498
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	1,061,818	—	114
Amortization of debt premium/discount	—	—	3,015
Increase in ownership of joint venture	—	—	25,061

The notes to the financial statements are an integral part of this statement.

Concluded

Nonmajor Enterprise Funds		Governmental Activities	
		Total	Internal Service Funds
\$	—	\$	—
	—		14,498
	5,020		5,020
	(12,765)		1,049,167
	67		3,082
	—		25,061
			9,064
			119
			—
			227
			6,376
			—

Statement of Net Position

FIDUCIARY FUNDS

June 30, 2020
(expressed in thousands)

Continued

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash and cash equivalents	\$ 6,814	\$ 3,628,428	\$ 62,631	\$ 232,883
Receivables, pension and other employee benefit plans:				
Employers	—	—	237,156	—
Members (net of allowance)	—	—	6,766	—
Interest and dividends	—	—	304,892	—
Investment trades pending	—	—	3,830,613	—
Due from other pension and other employee benefit funds	—	—	112,722	—
Other receivables, all other funds	—	5,083	116	13,742
Due from other governments	—	—	—	22,533
Investments:				
Liquidity	—	12,623,272	3,780,707	—
Fixed income	—	2,441,363	22,741,577	—
Public equity	—	—	45,569,101	—
Private equity	—	—	26,183,381	—
Real estate	—	—	20,765,772	—
Tangible assets	—	—	6,004,124	—
Security lending collateral	—	—	276,504	—
Other noncurrent assets	—	—	—	46,066
Capital assets:				
Furnishings, equipment, and intangibles	33	—	—	—
Accumulated depreciation	(33)	—	—	—
Total Assets	6,814	18,698,146	129,876,062	315,224
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on OPEB	—	—	179	—
Total Deferred Outflows of Resources	—	—	179	—
Total Assets and Deferred Outflows of Resources	\$ 6,814	\$ 18,698,146	\$ 129,876,241	\$ 315,224

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

FIDUCIARY FUNDS

June 30, 2020

(expressed in thousands)

Concluded

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts payable	\$ 95	\$ —	\$ —	\$ 23,614
Contracts payable	—	—	—	33,660
Accrued liabilities	159	549,691	4,299,120	189,326
Obligations under security lending agreements	—	—	276,504	—
Due to other funds	—	82	—	—
Due to other pension and other employee benefit funds	—	—	112,722	—
Due to other governments	—	142,536	—	22,558
Unearned revenue	—	—	572	—
Other long-term liabilities	—	—	—	46,066
Total Liabilities	254	692,309	4,688,918	315,224
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on OPEB	—	—	123	—
Total Deferred Inflows of Resources	—	—	123	—
Total Liabilities and Deferred Inflows of Resources	254	692,309	4,689,041	\$ 315,224
NET POSITION				
Net position restricted for:				
Pensions	—	—	120,321,676	
Deferred compensation participants	—	—	4,865,524	
Local government pool participants	—	18,005,837	—	
Individuals, organizations, and other governments	6,560	—	—	
Total Net Position	\$ 6,560	\$ 18,005,837	\$ 125,187,200	

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Net Position

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
ADDITIONS			
Contributions:			
Employers	\$ —	\$ —	\$ 3,153,350
Members	—	—	1,944,774
State	—	—	92,694
Participants	—	29,364,274	342,339
Total Contributions	—	29,364,274	5,533,157
Investment Income:			
Net appreciation (depreciation) in fair value	—	—	3,384,962
Interest and dividends	—	236,409	2,420,796
Earnings on investments	—	7,481	—
Less: Investment expenses	—	—	(625,586)
Net Investment Income (Loss)	—	243,890	5,180,172
Other Additions:			
Unclaimed property	76,282	—	—
Transfers from other plans	—	—	427,319
Miscellaneous revenue	5	—	22,594
Total Other Additions	76,287	—	449,913
Total Additions	76,287	29,608,164	11,163,242
DEDUCTIONS			
Pension benefits	—	—	4,924,916
Pension refunds	—	—	687,673
Transfers to other plans	—	—	427,319
Administrative expenses	4,653	1,453	5,052
Distributions to participants	—	25,452,750	290,427
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	64,480	—	—
Transfers out	4,117	—	—
Total Deductions	73,250	25,454,203	6,335,387
Net Increase (Decrease)	3,037	4,153,961	4,827,855
Net Position - Beginning	3,523	13,851,876	120,359,345
Net Position - Ending	\$ 6,560	\$ 18,005,837	\$ 125,187,200

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

COMPONENT UNITS

June 30, 2020
(expressed in thousands)

Continued

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 10,581	\$ 2,573	\$ 114,880	\$ 83,126	\$ 211,160
Investments	—	—	74,035	40,353	114,388
Receivables (net of allowance)	1,118	7,464	89,818	9,133	107,533
Inventories	—	—	7,133	—	7,133
Prepaid expenses	14	3,110	21,771	404	25,299
Total Current Assets	11,713	13,147	307,637	133,016	465,513
Noncurrent Assets:					
Investments, noncurrent	—	—	100,027	—	100,027
Restricted investments, noncurrent	—	—	45,208	—	45,208
Other noncurrent assets	—	362	—	454,552	454,914
Capital assets:					
Land	34,677	—	14,026	—	48,703
Buildings	460,953	—	509,848	—	970,801
Other improvements	—	1,854	18,778	176	20,808
Furnishings, equipment, and intangible assets	10,232	60,709	251,451	2,081	324,473
Lease asset	—	2,794	—	—	2,794
Accumulated depreciation	(283,294)	(48,419)	(435,166)	(2,117)	(768,996)
Construction in progress	—	2,601	37,759	—	40,360
Total Noncurrent Assets	222,568	19,901	541,931	454,692	1,239,092
Total Assets	234,281	33,048	849,568	587,708	1,704,605
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on refundings	—	—	15,112	—	15,112
Deferred outflows on pensions	9	1,840	—	1,015	2,864
Deferred outflows on OPEB	—	18	—	481	499
Total Deferred Outflows of Resources	9	1,858	15,112	1,496	18,475
Total Assets and Deferred Outflows of Resources	\$ 234,290	\$ 34,906	\$ 864,680	\$ 589,204	\$ 1,723,080

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

COMPONENT UNITS

June 30, 2020
(expressed in thousands)

Concluded

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 31	\$ 11,920	\$ 23,992	\$ 342	\$ 36,285
Accrued liabilities	4,294	1,224	126,254	39,146	170,918
Total OPEB liability	—	—	—	3	3
Lease liability	—	563	—	—	563
Unearned revenue	—	—	85,441	8,669	94,110
Total Current Liabilities	4,325	13,707	235,687	48,160	301,879
Noncurrent Liabilities:					
Net pension liability	114	3,769	—	2,568	6,451
Total OPEB liability	—	1,428	—	3,655	5,083
Lease liability	—	1,179	—	—	1,179
Other long-term liabilities	—	361	324,511	—	324,872
Total Noncurrent Liabilities	114	6,737	324,511	6,223	337,585
Total Liabilities	4,439	20,444	560,198	54,383	639,464
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on property taxes	—	—	29,190	—	29,190
Deferred inflows on pensions	64	2,290	—	1,289	3,643
Deferred inflows on OPEB	—	379	—	1,106	1,485
Total Deferred Inflows of Resources	64	2,669	29,190	2,395	34,318
NET POSITION					
Net investment in capital assets	222,421	19,539	118,350	140	360,450
Restricted for:					
Other purposes	—	—	856	984	1,840
Unrestricted	7,366	(7,746)	156,086	531,302	687,008
Total Net Position	229,787	11,793	275,292	532,426	1,049,298
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 234,290	\$ 34,906	\$ 864,680	\$ 589,204	\$ 1,723,080

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2020
(expressed in thousands)

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 19,747	\$ 54,977	\$ 763,707	\$ 24,247	\$ 862,678
PROGRAM REVENUES					
Charges for services	4,847	30,860	707,034	119,037	861,778
Operating grants and contributions	—	27,901	26,786	1,473	56,160
Total Program Revenues	4,847	58,761	733,820	120,510	917,938
Net Program Revenues (Expense)	(14,900)	3,784	(29,887)	96,263	55,260
GENERAL REVENUES					
Earnings (loss) on investments	273	—	8,786	3,602	12,661
Property taxes	—	—	24,003	—	24,003
Other	—	—	558	—	558
Total General Revenues	273	—	33,347	3,602	37,222
Change in Net Position	(14,627)	3,784	3,460	99,865	92,482
Net Position - Beginning, as restated	244,414	8,009	271,832	432,561	956,816
Net Position - Ending	\$ 229,787	\$ 11,793	\$ 275,292	\$ 532,426	\$ 1,049,298

The notes to the financial statements are an integral part of this statement.

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2020

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Note 1

Summary of Significant Accounting Policies

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The Office of Financial Management (OFM) is the primary authority for the state's accounting and reporting requirements. OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is nationally accepted as the standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the significant accounting policies:

A. REPORTING ENTITY

In defining the state of Washington for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the state (the primary government) and organizations that are financially accountable to the state. Additionally, other organizations that do not meet the financial accountability criteria may be included in the reporting entity if the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

Financial accountability exists when the primary government appoints a voting majority of an organization's governing body and is either (1) able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. The organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: (1) the primary government is legally entitled to or can access the organization's resources, (2) the primary government is legally obligated or has otherwise assumed the obligation to finance or provide financial support to the

organization, (3) the primary government is obligated in some manner for the debt of the organization.

Based on these criteria, the following are included in the financial statements of the primary government:

State Agencies. Except as otherwise described herein, all state elected offices, departments, agencies, commissions, boards, committees, authorities, councils (agencies), and all funds and subsidiary accounts of the state are included in the primary government. Executives of these agencies are either elected, directly appointed by the Governor, appointed by a board which is appointed by the Governor, or appointed by a board which is in part appointed by the Governor. Additionally, a small number of board positions are established by statute or independently elected.

The Legislature creates these agencies, assigns their programs, approves operational funding, and requires financial accountability. The Legislature also authorizes all bond issuances for capital construction projects for the benefit of state agencies. The legal liability for these bonds and the ownership of agency assets reside with the state.

Colleges and Universities. The governing boards of the five state universities, the state college, and the 34 state community and technical colleges are appointed by the Governor. The governing board of each college and university appoints a president to function as chief administrator. The Legislature approves budgets and budget amendments for the appropriated funds of each college and university, which include the state's General Fund as well as certain capital projects funds. The State Treasurer issues general obligation debt for major campus construction projects. However, the colleges and universities are authorized to issue revenue bonds.

The University of Washington (UW) and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and investment income. All other revenue bonds issued by colleges and universities pledge the income derived from acquired or constructed assets such as housing, dining, and parking facilities. These revenue bonds are payable solely from, and secured by, fees and revenues derived from the operation of constructed facilities. The legal liability for the bonds and the ownership of the college and university assets reside with the state.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney General's Office. Since the colleges and universities are legally part of the state, their financial operations, including their blended component units, are reported in

the state's financial statements using the fund structure prescribed by GASB.

Retirement Systems. The state of Washington, through the Department of Retirement Systems (DRS), administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the Teachers' Retirement System, the School Employees' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Public Safety Employees' Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The director of DRS is appointed by the Governor.

There are three additional retirement systems administered outside of the DRS. The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund is administered through the State Board for Volunteer Fire Fighters and Reserve Officers, which is appointed by the Governor. The Judicial Retirement Account is administered through the Administrative Office of the Courts under the direction of the Board for Judicial Administration. The Higher Education Retirement Plan Supplemental Benefit Fund Plans are administered by the state's colleges and universities.

The Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The participants of the public retirement systems, together with the state, provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

All of the aforementioned retirement systems are included in the primary government's financial statements.

Blended Component Units

Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds. Financial information for the state's blended component units may be obtained from the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127. The following entities are blended in the state's financial statements:

Tobacco Settlement Authority was created by the Legislature in March 2002 as a public instrumentality separate and distinct from the state. It is governed by a five-member board appointed by the Governor. It was created solely for the purpose of issuing bonds to securitize a portion of the state's future tobacco settlement revenue. Proceeds of the debt instrument were

transferred to the state to help fund health care, long-term care, and other programs of the state. Refer to Note 7.A for additional information.

University of Washington Physicians (UWP) was established for the exclusive benefit of the University of Washington School of Medicine (UWSOM). UWP employs UWSOM faculty and bills and collects for their clinical services as an agent for UWSOM.

UW Medicine Neighborhood Clinics (UW Neighborhood Clinics) were established for the exclusive benefit of the UWSOM, UWP and its affiliated medical centers, Harborview Medical Center, and the UW Medical Center (UWMC). The UW Neighborhood Clinics were organized to coordinate and develop patient care in a community clinical setting. They enhance the academic environment of UWSOM by providing additional sites of primary care practice and training for faculty, residents, and students.

Washington Biomedical Research Properties I and II, and Washington Biomedical Research Facilities 3, 3.2, and 3.3 were formed to acquire, construct, or renovate certain real properties for the benefit of the UW in fulfilling its educational, medical, or scientific research missions.

TOP and FYI Properties were formed to design and construct office facilities to house state employees. The facilities were financed with tax-exempt obligations that meet the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service.

Change in Reporting. On February 8, 2018, the University of Washington's Board of Regents approved the dissolution of Northwest Hospital & Medical Center (NWH), a Washington non-profit corporation, and integration of NWH and UWMC. The integration occurred on January 1, 2020, at which time NWH ceased operations and the University accepted the assets, liabilities, and remaining operations of the corporate entity. At the time of the integration, NWH became the Northwest Campus of UWMC and ceased to be a blended component unit of the University. The integration was accounted for as a government merger and, as such, will be reflected in the University's consolidated financial statements as if the merger had occurred on July 1, 2019.

Discrete Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or benefit those outside of the state. They are financially

accountable to the state or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as discrete component units because state officials either serve on or appoint the members of the governing bodies of the institutions. The state also has the ability to influence the operations of the institutions through legislation.

The state's discrete component units each have a year end of June 30 with the exception of the Washington Economic Development Finance Authority which has a December 31 year end.

The following entities are discretely presented in the financial statements of the state in the component unit's column:

The **Washington State Public Stadium Authority (PSA)** was created by the Legislature to acquire, construct, own, and operate a football/soccer stadium, exhibition center, and parking garage. Construction was completed in 2002. At June 30, 2020, PSA capital assets, net of accumulated depreciation, total \$222.6 million. The state issued general obligation bonds for a portion of the cost of the stadium construction. The total public share of the stadium and exhibition center cost did not exceed \$300 million from all state and local government funding sources, as required in statute.

Project costs in excess of \$300 million were the responsibility of the project's private partner, First & Goal, Inc. The bonds are being repaid through new state lottery games, a state sales tax credit, extension of the local hotel/motel tax, and parking and admissions taxes at the new facility.

Financial reports of the PSA may be obtained at the following address:

Washington State Public Stadium Authority
CenturyLink Field & Event Center
800 Occidental Avenue South, #700
Seattle, WA 98134

The **Washington Health Benefit Exchange (Exchange)** was created by the Legislature to implement a central marketplace for individuals, families, and small employers to shop for health insurance and access federal tax credits pursuant to the Patient Protection and Affordable Care Act of 2010. Federal grant funding financed the Exchange design, development, and implementation phases as well as the first full year of operation during 2014. Beginning in 2015, the Exchange became self-sustaining through Medicaid program cost reimbursements, premium tax assessments, and other assessments.

Financial reports of the Exchange may be obtained at the following address:

Washington Health Benefit Exchange
810 Jefferson Street SE
PO Box 657
Olympia, WA 98507

Valley Medical Center was created July 1, 2011, through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 321-bed full service acute care hospital and 45 clinics located throughout southeast King County.

Financial reports of Valley Medical Center may be obtained at the following address:

Valley Medical Center
400 S. 43rd Street
Renton, WA 98055-5010

The **Washington State Housing Finance Commission**, the **Washington Higher Education Facilities Authority**, the **Washington Health Care Facilities Authority**, and the **Washington Economic Development Finance Authority** (financing authorities) were created by the Legislature in a way that specifically prevents them from causing the state to be liable or responsible for their acts and obligations including, but not limited to, any obligation to pay principal and interest on financing authority bonds. The financing authorities cannot obligate the state, either legally or morally, and the state has not assumed any obligation of, or with respect to, the financing authorities.

Financial reports of these financing authorities may be obtained from each authority at the following addresses:

Washington Health Care Facilities Authority
410 11th Avenue SE, Suite 201
Olympia, WA 98501

Washington State Housing Finance Commission
Washington Higher Education Facilities Authority
Washington Economic Development Finance Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Joint Ventures

In 1998, the University of Washington Medical Center (Medical Center) entered into an agreement with Seattle Children's Hospital and Fred Hutchinson Cancer Research Center to establish the **Seattle Cancer Care Alliance (SCCA)**. Each member of the SCCA has a one-third interest. The mission of the SCCA is to eliminate

cancer as a cause of human suffering and death and to become recognized as the premier cancer research and treatment center in the Pacific Northwest. The SCCA integrates the cancer research, teaching, and clinical cancer programs of all three institutions to provide state-of-the-art cancer care. Under the agreement, the Medical Center provides the patient care to all adult inpatients of the SCCA.

Inpatient Services - The SCCA operates a 20-bed unit located within the Medical Center in which its adult inpatients receive care. The fiscal intermediary has determined that the 20-bed unit qualifies as a hospital within a hospital for Medicare reimbursement purposes. The SCCA provides medical oversight and management of the inpatient unit. Under agreements, the Medical Center provides inpatient care services to the SCCA including necessary personnel, equipment, and ancillary services.

Outpatient Services - The SCCA operates an ambulatory cancer care service facility in Seattle. The Medical Center provides various services to the SCCA's outpatient facility including certain pharmacy, laboratory, and pathology services as well as billing, purchasing, and other administrative services.

The state accounts for the Medical Center's interest in the SCCA under the equity method of accounting. Income of \$25.1 million was recorded in fiscal year 2020, bringing the total equity investment to \$208.4 million which is recognized in the state's financial statements in the Higher Education Student Services Fund.

Separate financial statements for the SCCA may be obtained from:

Seattle Cancer Care Alliance
825 Eastlake Avenue East
PO Box 19023
Seattle, WA 98109-1023

The University of Washington and Seattle Children's Hospital established **Children's University Medical Group (CUMG)** to assist the organizations in carrying out their pediatric patient care, as well as charitable, educational, and scientific missions.

CUMG employs UWSOM faculty physicians and bills and collects for their services as an agent for UWSOM. The University records revenue from CUMG based on the income distribution plan effective December 31, 2008. The University's patient services receivable includes amounts due from CUMG of \$17.8 million in 2020.

Separate financial statements for CUMG may be obtained from:

Children's University Medical Group
4500 Sand Point Way NE, Suite 100
Seattle, WA 98105

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The state presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Net Position. The Statement of Net Position presents the state's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a general rule, balances between governmental and business-type activities are eliminated.

Statement of Activities. The Statement of Activities reports the extent to which each major state program is supported by general state revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.

- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally, the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation insurance programs and various other state programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

Fund Financial Statements

The state uses 730 accounts that are combined into 53 rollup funds. The state presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

Major Governmental Funds:

- **General Fund** is the state's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **Higher Education Special Revenue Fund** primarily accounts for tuition, student fees, and grants and contracts received for educational and research purposes.
- **Higher Education Endowment Permanent Fund** accounts for gifts and bequests that the donors have specified must remain intact. Each gift is governed by various restrictions on the investment and use of the income earned on investments.

Major Enterprise Funds:

- **Workers' Compensation Fund** accounts for the workers' compensation program that provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

- **Unemployment Compensation Fund** accounts for the unemployment compensation program. It accounts for the deposit of funds, requisitioned from the Federal Unemployment Trust Fund, to provide services to eligible participants within the state and to pay unemployment benefits.

- **Higher Education Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, food service, and hospital business enterprise activities.

The state includes the following nonmajor funds:

Nonmajor Governmental Funds:

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of state programs including public safety and health assistance programs; natural resource and wildlife protection and management programs; the state's transportation programs which include the operation of the state's ferry system and maintenance and preservation of interstate and non-interstate highway systems; driver licensing, highway and non-highway operations, and capital improvements; K-12 school construction; and construction and loan programs for local public works projects.
- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).
- **Common School Permanent Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

Nonmajor Proprietary Funds:

- **Enterprise Funds** account for the state's business type operations for which a fee is charged to external users for goods or services including: the state lottery, vocational/education programs at correctional institutions, the Guaranteed Education Tuition program, paid family and medical leave compensation, health insurance, and other activities.
- **Internal Service Funds** account for the provision of legal, motor pool, data processing, risk management, and other services by one department or agency to other departments or agencies of the state on a cost-reimbursement basis.

Nonmajor Fiduciary Funds:

- **Pension (and other employee benefit) Trust Funds** are used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans.
- **Investment Trust Funds** account for the external portion of the local government investments, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Funds** are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments such as the administration of unclaimed property.
- **Agency Funds** account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals.

Operating and Nonoperating Revenues and Expenses. The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums and assessments collected. Operating expenses consist of claims paid to covered individuals, claims adjustment expenses, costs of commercial insurance coverage, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating, including interest expense and investment gains and losses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the state uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the state uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets, current liabilities, deferred outflows of resources, and deferred inflows of resources are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, motor fuel taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenue for timber cutting contracts is accrued when the timber is harvested. Revenues from licenses, permits, and fees related to a future time period are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the availability criteria are met. Expenditure-driven grant revenue is considered available if it can be collected by the state at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collectible within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. Since the state is on a fiscal year ending June 30, the first half-year collections are recognized as revenue if collectible within 60 days of the fiscal year end. The second half-year collections are recognized as receivables offset by unavailable revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, unmatured interest on general long-term obligations is recognized when due. Certain liabilities including compensated absences, other postemployment benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available spendable financial resources.

The state reports both unavailable and unearned revenues on its governmental fund balance sheet. Unavailable revenues arise when a potential revenue does not meet both the “measurable” and the “available” criteria for revenue recognition in the current period. Unearned revenues arise when resources are received by the state before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and trust funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operations of these funds are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

All proprietary and trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Cash and Investments

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as “Cash and Cash Equivalents.” The Office of the State Treasurer invests state treasury cash surplus where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates

fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The method of accounting for investments varies depending upon the fund classification. Investments in the state’s Local Government Investment Pool (LGIP), a qualified external investment pool, are reported at amortized cost which approximates fair value. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/> or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

The fair value of certain pension trust fund investments that are organized as limited partnerships and have no readily ascertainable fair values (including real estate, private equity, and tangible assets) has been determined by using the net asset value per share of the Pension Funds’ ownership interest in partners’ capital. These values are based on the individual investee’s capital account balance reported at fair value at the closest available reporting period, adjusted for subsequent activity. At June 30, 2020, these alternative investments are valued at \$52.95 billion. Because of the inherent uncertainties in the estimation of fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2020, reported net asset value.

Short-term money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

All other investments are reported at fair value. Fair values are based on published market prices, quotations from national security exchanges and security pricing services, or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost, which approximates fair value. Additional disclosure describing investments is provided in Note 3.

2. Receivables and Payables

Receivables in the state’s governmental fund type accounts consist primarily of taxes and federal revenues.

Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (refer to Note 1.C) have been met. All receivables are reported net of an allowance for accounts estimated to be uncollectible.

For government-wide reporting purposes, amounts recorded as interfund/interagency receivables and payables are eliminated in the governmental and business-type activities columns on the Statement of Net Position, except for the net residual balances due between the governmental and business-type activities, which are reported as internal balances.

Amounts recorded in governmental and business-type activities as due to or from fiduciary funds have been reported as due to or from other governments.

3. Inventories and Prepaids

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported in the state's financial statements if the fiscal year-end balance on hand at an inventory control point is estimated to be \$50,000 or more. Consumable inventories are valued at cost using either the first-in, first-out or weighted average methods. Donated consumable inventories are recorded at fair value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out method. Inventories of governmental funds are valued at cost and recorded using the consumption method. Proprietary funds expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are also recorded as a nonspendable fund balance indicating that they do not constitute "available spendable resources," except for \$3.5 million in federally donated consumable inventories, which are offset by unearned revenue because they are not earned until they are distributed to clients.

Prepaid items are those certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that accounting period.

In governmental fund type accounts, prepaid items are generally accounted for using the purchases method. Under the purchases method, prepaid items are treated as expenditures when purchased and residual balances, if any, at year end are not accounted for as assets.

In proprietary and trust fund type accounts, prepaid items are accounted for using the consumption method. The portion of supplies or services consumed or used during a

period is recorded as an expense. The balance that remains is reported as an asset until consumed or used.

4. Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by debt covenants, escrow arrangements, or other regulations.

5. Capital Assets

Capital assets are tangible and intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy.

It is the state's policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs.
- The state highway system operated by the Department of Transportation.
- Infrastructure, other than the state highway system, with a cost of \$100,000 or more.
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or more.
- Intangible assets, either purchased or internally developed, with a cost of \$1 million or more that are identifiable by meeting one of the following conditions:
 - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.
 - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- All capital assets acquired with Certificates of Participation, a debt financing program administered by the Office of the State Treasurer.
- All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater.

Assets acquired by capital leases are capitalized if the assets' fair value meets the state's capitalization thresholds described above.

Purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use (ancillary costs). Normal maintenance and repair costs that do not materially add to the value or extend the life of the state's capital assets are not capitalized.

Donated capital assets, works of art, and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs. When the acquisition value is not practically determinable due to lack of sufficient records, estimated cost is used. Where necessary, estimates of value are derived by factoring price levels from the current period to the time of acquisition.

The value of assets constructed by agencies for their own use includes all direct construction costs and costs that are related to the construction. In enterprise and trust funds, net interest costs (if material) incurred during the period of construction are capitalized. In fiscal year 2020, \$96.2 million in interest costs were incurred, and \$2.6 million net interest costs were capitalized.

State agencies are not required to capitalize art collections, library reserve collections, and museum and historical collections that are considered inexhaustible, in that their value does not diminish over time, if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to policy requirements that the proceeds from sales of collection items be used to acquire other items for the collection.

Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, estimated useful lives are as follows:

Buildings & building components	5-50 years
Furnishings, equipment & collections	3-50 years
Other improvements	3-50 years
Intangibles	3-50 years
Infrastructure	20-50 years

The cost and related accumulated depreciation/amortization of disposed capital assets are removed from the accounting records.

The state capitalizes the state highway system as a network but does not depreciate it since the system is being preserved approximately at or above a condition level established by the state. That condition level is documented and disclosed in the Required Supplementary Information. Additionally, the highway system is managed using an asset management system that includes:

- Maintenance of an up-to-date inventory of system assets.
- Performance of condition assessments of the assets at least every three years with summarization of the results using a measurement scale.
- Annual estimation of the amount to maintain and preserve the assets at the condition level established and disclosed.

All state highway system expenditures that preserve the useful life of the system are expensed in the period incurred. Additions and improvements that increase the capacity or efficiency of the system are capitalized. This approach of reporting condition instead of depreciating the highway system is called the modified approach.

For government-wide financial reporting purposes, capital assets of the state are reported as assets in the applicable governmental or business-type activities column on the Statement of Net Position. Depreciation/amortization expense related to capital assets is reported in the Statement of Activities.

Capital assets and the related depreciation/amortization expense are also reported in the proprietary fund financial statements.

In governmental funds, capital assets are not capitalized in the accounts that acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in the year assets are acquired or construction costs are incurred. No depreciation/amortization is reported.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the government-wide and proprietary fund statements of net position relates to debt refunding, pensions, other postemployment benefits (OPEB), and hedging derivative instruments.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the state relate to unavailable revenue, debt refunding, pensions, OPEB, and hedging derivative instruments.

Unavailable revenue arises only under the modified accrual basis of accounting, and so is reported only on the governmental funds Balance Sheet. Governmental funds report deferred inflows for unavailable revenues primarily from two sources: taxes and long-term receivables. These amounts are recognized as inflows of resources in the periods that the amounts become available.

7. Compensated Absences

State employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 240 hours at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested (i.e., the state does not pay employees for unused sick leave upon termination except upon employee death or retirement). At death or retirement, the state is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a sick leave buyout option in which, each January, employees who accumulate sick leave in excess of 480 hours may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave.

It is the state's policy to liquidate its compensated absences obligations with future resources rather than advance funding it with available spendable financial resources.

For government-wide reporting purposes, the state reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position.

For fund statement reporting purposes, governmental funds recognize an expenditure for annual and sick leave when it is payable (i.e., upon employee's use, resignation, death or retirement). Proprietary and trust funds recognize the expense and accrue a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits, as applicable, as the leave is earned.

8. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term obligations of the state are reported as liabilities on the Statement of Net Position. Bonds payable are reported net of applicable original issuance premiums or discounts. When material, bond premiums and discounts are deferred and amortized over the life of the bonds.

For governmental fund financial reporting, the face (par) amount of debt issued is reported as other financing sources. Premiums and discounts on original debt issuance are also reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

9. Fund Equity

In governmental fund type accounts, fund equity is called fund balance. Fund balance is reported in classifications which reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Classifications include:

- **Nonspendable** fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- **Restricted** fund balance represents amounts for which constraints are placed on their use by the state Constitution, enabling legislation, or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed** fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by state law as adopted by the state Legislature. The commitment remains in place until the Legislature changes or eliminates the state law.
- **Assigned** fund balance represents amounts that are intended for a specific purpose by management, but are neither restricted nor committed. Generally, assignment is expressed by joint legislative and executive staff action.
- **Unassigned** fund balance represents the residual amount for the General Fund that is not contained in the other classifications. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming that the expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first and then use unrestricted resources as they are needed.

In fiduciary funds, net position is held in trust for individuals and external organizations.

E. OTHER INFORMATION

1. Insurance Activities

Workers' Compensation. Title 51 RCW establishes the state of Washington's workers' compensation program. The statute requires all employers to secure coverage for job-related injuries and diseases, with few exceptions, through the Workers' Compensation Fund or through self-insurance.

Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations through private insurers.

The Workers' Compensation Fund, an enterprise fund, is used to account for the workers' compensation program which provides time-loss, medical, vocational, disability, and pension benefits to qualifying individuals sustaining work-related injuries or illnesses. The main benefit plans of the workers' compensation program are funded based on rates that will keep these plans solvent in accordance with recognized actuarial principles. The supplemental pension plan supports cost-of-living adjustments (COLA) granted for time-loss and disability payments; however, these are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

Premiums are based on individual employers' reported payroll hours and insurance rates based on each employer's risk classification(s) and past experience, except for the Supplemental Pension Fund premiums which are based on a flat rate per hours worked independent of risk class or past experience. In addition to its regular premium plan which is required for all employers, the Workers' Compensation Fund offers a voluntary retrospective premium-rating plan under which premiums are subject to three annual adjustments based on group and individual employers' loss experience. Initial adjustments to the standard premiums are paid to or collected from the groups and individual employers approximately ten months after the end of each plan year.

The Department of Labor and Industries, as administrator of the workers' compensation program, establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have already occurred. The length of time for which such costs must be estimated varies depending on the benefit involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liabilities, claims adjudication, and judgments, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims payable are recomputed quarterly using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, expected inflation, and other economic, legal, and social factors. Adjustments to claims payable are charged or credited to claims expense in the periods in which they are made.

The Workers' Compensation Program purchases catastrophe reinsurance for risks in excess of its retention on the workers' compensation insurance policy to reduce its exposure to the financial risks associated with a catastrophe. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Workers' Compensation Program as direct insurer of the risks reinsured.

Amounts that are recoverable from reinsurers and that relate to paid claims and claim adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claims adjustment expenses are deducted from those liabilities. Ceded unearned premiums are netted with related unearned premiums. Receivables and payables from the same reinsurer, including amounts withheld, are netted. Reinsurance premiums ceded and reinsurance recoveries on claims are netted against related earned premiums and incurred claims costs in the Statement of Revenues, Expenses, and Changes in Net Position.

The Department of Labor and Industries prepares a stand-alone financial report for its workers' compensation program. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Labor and Industries, PO Box 44833, Olympia, WA 98504-4833 or by visiting their website at: <https://www.lni.wa.gov/agency/state-fund-financial-reports>.

Risk Management. The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state manages its tort claims as an insurance business activity rather than a general governmental activity. The state's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in the Risk Management Fund, an internal service fund. Coverage is provided up to \$10 million for each claim with no deductible. Commercial insurance is purchased for various liabilities arising from the operations of the Washington state governmental functions in order to limit the exposure to catastrophic losses. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The majority of state funds and agencies participate in the self-insurance liability program in proportion to their anticipated exposure to liability losses.

Health Insurance. The state of Washington administers and provides medical, vision, dental, basic life, and basic long-term disability insurance coverage for eligible state employees and their dependents. In addition, the Washington State Health Benefits Exchange, tribal governments, political subdivisions, and employee organizations representing state civil service employees can contract with the state to provide these benefits to their employees. The state establishes eligibility requirements and approves plan benefits of all participating health care organizations.

Due to the addition of School Employees Benefits Board accounts in fiscal year 2020, the Health Insurance Fund,

formerly accounted for as an internal service fund, is now accounted for as an enterprise fund.

The state's share of the cost of coverage for state employees is based on a per capita amount determined annually by the Legislature and allocated to state agencies.

The Health Care Authority (HCA), as administrator of the health care benefits programs, collects the monthly "premium" from agencies for each active employee. State employees self pay for coverage beyond the state's contribution. For non-state employees, their respective employers, who have contracted with the HCA to provide employee benefits, pay the cost of coverage. Former employees and employees who are temporarily not in pay status are able to pay for the full cost of coverage on a self-paid basis for medical and dental benefits. Most coverage is also available on a self-paid basis to eligible retirees. For additional information, refer to Note 12.

The state secures commercial insurance for certain coverage offered in addition to plans offered via the Uniform Medical Plan, the state's self-insured offering. The Uniform Medical Plan enrolled approximately 67 percent of the eligible subscribers in fiscal year 2020. Claims are paid from premiums collected, and claims adjudication is contracted through a third-party administrator.

Considerations in calculating liabilities include frequency of claims, administrative costs, industry inflation trends, advances in medical technology, and other social and economic factors. Liabilities include an amount for claims incurred but not reported.

2. Postemployment Benefits

COBRA. In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.

Medical Expense Plan. As disclosed in Note 1.D, at the time of separation from state service due to retirement or death, the state offers a 25 percent buyout of an employee's accumulated sick leave. Individual state agencies may offer eligible employees a medical expense plan (MEP) that meets the requirements of the Internal Revenue Code. Agencies offering an MEP deposit the retiring employee's sick leave buyout in the MEP for reimbursement of medical expenses.

Retirement Benefits. Refer to Note 11 Retirement Plans and Note 12 Other Postemployment Benefits.

3. Interfund/Interagency Activities

The state engages in two major categories of interfund/interagency activity: reciprocal and nonreciprocal. Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions and includes both interfund loans and services provided and used. Nonreciprocal activity is nonexchange in nature and includes both transfers and reimbursements.

4. Donor-restricted Endowments

The state of Washington reports endowments in higher education endowment permanent accounts. These

accounts are established outside of the state treasury for use by the higher education institutions. There is no state law that governs endowment spending; rather, the policies of individual university and college boards govern the spending of net appreciation on investments.

Under the current spending policies, distributions to programs approximate an annual percentage rate of 4 percent of a five-year rolling average of the endowments' market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$646.3 million. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

Note 2

Accounting and Reporting Changes

Reporting Changes. In May 2020, the Governmental Accounting Standards Board (GASB) issued *Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance*. In light of the COVID-19 pandemic, this Statement aimed to provide temporary relief to governments and other stakeholders by postponing the effective dates of certain provisions in Statements and Implementation Guides that are scheduled to become effective for periods beginning July 1, 2019, and later. As a result, the effective dates of *Statement No. 84, Fiduciary Activities* and *Statement No. 90, Majority Equity Interests* will be implemented in fiscal year 2021 instead of fiscal year 2020.

Fund Reclassification. During fiscal year 2020, an account was abolished and its assets and liabilities were transferred to another account. As a result the beginning fund balance of the Multimodal Transportation Fund, a nonmajor special revenue fund, was reduced by \$362 thousand, and the beginning fund balance of the Motor Vehicle Fund, also a nonmajor special revenue fund, was increased by \$362 thousand.

During fiscal year 2020, an account was reclassified to a special revenue fund type as it now has a dedicated revenue source. This resulted in a beginning fund balance

reduction of \$46 thousand in the General Fund and an increase of \$46 thousand in the Human Services Fund, a nonmajor special revenue fund.

During fiscal year 2020, an account was reclassified from a permanent fund to a special revenue fund due to a legislative change. This resulted in a beginning fund balance reduction of \$3.6 million in the Higher Education Endowment Fund. The adjustment also resulted in a beginning fund balance increase of \$3.6 million in the Human Services Fund, a nonmajor special revenue fund, with a change of fund designation from restricted to committed.

With the addition of the School Employees' Benefits Board accounts, the fund type of the Health Insurance Fund changed from an internal service fund to a nonmajor enterprise fund. As a result, the beginning net position in the internal service fund was reduced by \$287.5 million, and beginning net position was increased by \$287.5 million in the nonmajor enterprise fund.

Prior Period Adjustments. The Public Stadium Authority, a major component unit, recorded a reduction of \$655 thousand to the beginning net position to correct overstated revenue in fiscal year 2019. The Authority also recorded an increase in net position of \$28 thousand for transactions reported in the component unit's fiscal year 2019 financial statements after the state of Washington's fiscal year 2019 Comprehensive Annual Financial Report was published.

Fund equity at July 1, 2019, has been restated as follows (expressed in thousands):

	Fund equity (deficit) at June 30, 2019, as previously reported	Fund Reclassification	Prior Period Adjustment	Fund equity (deficit) at July 1, 2019, as restated
Governmental Funds:				
General	\$ 4,849,521	\$ (46)	—	\$ 4,849,475
Higher Education Special Revenue	3,970,570	—	—	3,970,570
Higher Education Endowment	4,410,736	(3,606)	—	4,407,130
Nonmajor Governmental	6,297,756	3,651	—	6,301,407
Proprietary Funds:				
Enterprise Funds				
Workers' Compensation	(10,232,282)	—	—	(10,232,282)
Unemployment Compensation	5,066,859	—	—	5,066,859
Higher Education Student Services	901,944	—	—	901,944
Nonmajor Enterprise	563,502	287,451	—	850,953
Internal Service Funds	(182,659)	(287,451)	—	(470,110)
Fiduciary Funds:				
Private Purpose Trust	3,523	—	—	3,523
Local Government Investment Pool	13,851,876	—	—	13,851,876
Pension and Other Employee Benefit Plans	120,359,345	—	—	120,359,345
Component Units:				
Public Stadium Authority	245,041	—	(627)	244,414
Health Benefit Exchange	8,009	—	—	8,009
Valley Medical Center	271,832	—	—	271,832
Nonmajor Component Units	432,561	—	—	432,561

Note 3

Deposits and Investments

A. DEPOSITS

Custodial Credit Risk. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the state would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The state minimizes custodial credit risk by restrictions set forth in state law. Statutes require state agencies to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the Washington Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool.

At June 30, 2020, \$1.80 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$486 thousand uninsured/uncollateralized.

B. INVESTMENTS - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS (PENSION TRUST FUNDS)

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the pension trust funds is vested within the voting members of the Washington State Investment Board (WSIB). The Legislature has established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The pension trust funds consist of retirement contributions from employer and employee participants in the Washington State Retirement System and related earnings on those contributions. The Retirement System is administered by the Department of Retirement Systems. The WSIB has exclusive control of the investment of all money invested in the pension trust funds.

In accordance with RCW 43.33A.110, the WSIB manages the pension fund portfolio to achieve maximum return at

a prudent level of risk. The WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

Eligible Investments. The WSIB is authorized by statute as having investment management responsibility for pension trust funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy in the following: U.S. treasury bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed insurance contracts; U.S. government and agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset-backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions. There were no violations of these investment restrictions during fiscal year 2020.

Commingled Trust Fund. Pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments used as an investment vehicle for 14 separate retirement plans and one supplemental pension funding account. These plans hold shares in the CTF which represent a percentage ownership in the pool of investments. Plans are allowed to purchase or sell shares in the CTF, based on the fair value of the underlying assets, on the first business day of each month.

In addition to share ownership in the CTF, each retirement plan holds short-term investments that are used to manage the cash needs of each retirement plan.

The CTF consists of the Public Employees' Retirement System (PERS) Plans 1, 2, and 3; Teachers' Retirement System (TRS) Plans 1, 2, and 3; School Employees' Retirement System (SERS) Plans 2 and 3; Law Enforcement Officers' and Fire Fighters' Retirement Plans 1 and 2; Washington State Patrol Retirement System Plans 1 and 2; Public Safety Employees' Retirement System Plan 2; Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund; and the Higher Education Retirement Supplemental Benefit

Fund. The CTF includes both the defined benefit and defined contribution portions of PERS Plan 3, TRS Plan 3, and SERS Plan 3, which are hybrid defined benefit/defined contribution plans. The participants of those plans have the option to direct their contributions to the CTF or invest their defined contributions in other external options not managed by the WSIB.

CTF Investment Policies and Restrictions. The CTF is comprised of public markets equities, fixed income securities, private equity investments, real estate, tangible assets, and an innovation portfolio. The CTF's performance objective is to exceed the return of two custom benchmarks, each consisting of public indices weighted according to asset allocation targets.

The asset allocation for the CTF is formally reviewed at least every four years. The allocation policy is reviewed more frequently if there has been a fundamental change in the structure of the capital markets or in the underlying cash flow or liability structure of the pension trust funds.

When market values fall outside policy ranges, assets are rebalanced first by using normal cash flows and then through reallocations of assets across asset classes. In cases of a major rebalancing, the pension trust funds can utilize futures, forward contracts, and options in order to maintain exposure within each asset class and reduce transaction costs. Major rebalancing can occur to bring asset classes within their target ranges or when the pension trust funds are transitioning managers.

Public Markets Equity. To achieve the performance and diversification objectives of the pension trust funds, the public markets equity program seeks to achieve the highest return possible consistent with prudent risk management and the desire for downside protection, with passive equity strategies as the default whenever strategies with better risk/return profiles cannot be identified; provide diversification to the pension trust funds' overall investment program; maintain liquidity in public equity; and maintain transparency into all public equity strategies to the extent possible.

The public markets equity portion of the pension trust funds invests in publicly traded equities globally, including equity securities in the U.S., developed non-U.S., and emerging markets. The program has a global benchmark, currently the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index. A mix of external managers approved by the WSIB is used to manage the program. Passive management delivers broad diversified equity market exposure at low cost and is used when active managers cannot be identified and monitored appropriately. Passive management is also used when it is considered an appropriate alternative to active management, typically in more efficient markets. Active management is used when the pension trust funds can identify, access, and monitor successful managers in

markets that are less efficient. Active management seeks to enhance the risk/return profile of the program.

Fixed Income. The fixed income segment is managed to achieve the highest return possible consistent with the desire to manage interest rate and credit risk, provide diversification to the overall investment program, provide liquidity to the pension trust fund investment program, and to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index. Sources of outperformance are expected to include interest rate anticipation, sector rotation, credit selection, and diversification.

RCW 43.33A.140 prohibits a corporate fixed income issues cost from exceeding 3 percent of the CTF's market value at the time of purchase and 6 percent of its market value thereafter. However, the WSIB manages with a more restrictive concentration constraint, limiting exposure to any corporate issuer to 3 percent of the CTF fixed income portfolio's market value at all times.

The fixed income portfolio is constrained by policy from investing more than 1 percent of the portfolio's par value in any single issuer with a quality rating below investment grade (as defined by Bloomberg Barclays Capital Global Family of Fixed Income Indices). Total market value of below investment grade credit bonds (as defined by Bloomberg Barclays Capital Global Family of Fixed Income Indices) shall not exceed 15 percent of the market value of the fixed income portfolio. Although below investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. The total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of the market value of the fixed income portfolio. The duration of the portfolio is targeted to be within plus or minus 20 percent of the duration of the Bloomberg Barclays U.S. Universal Index.

The major sector allocations of the fixed income portfolio are limited to the following ranges:

U.S. treasuries and government agencies	10% - 45%
Credit bonds	10% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	5% - 45%

Asset allocation policy constraints may, from time to time, place unintended burdens on the portfolios. Therefore, policy exceptions are allowed under certain circumstances. These events include changes in market interest rates, portfolio rebalancing to strategic targets, and bond rating downgrades. The portfolio can remain

outside of policy guidelines until it can be rebalanced without harming the portfolio.

Private Equity. Pension trust funds can be invested in any appropriate private equity investment opportunity that has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. These investment types are generally divided into venture capital, corporate finance, growth equity, special situations, distressed, mezzanine, and other investments. Private equity investments are made through limited partnership or direct investment vehicles.

The private equity investment portfolio is managed to exceed the returns of the MSCI All Country World Index Investable Market Index, lagged by one calendar quarter, by 300 basis points in the long run. To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of growth stages. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate. The WSIB's real estate program is an externally managed pool of selected partnership investments intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The income generated from bond-like lease payments coupled with the hard asset qualities of commercial real estate combine to generate returns that are expected to fall between the return expectations for fixed income and equities over the long term. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the WSIB's long-term return expectations for the asset class.

The pension trust funds' real estate partnerships typically invest in private real estate assets that are held for long-term income and appreciation. Many of the pension trust funds' investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions, related transactions, and ongoing operational decisions for annual capital expenditures.

The pension trust funds may invest in any real estate opportunity demonstrating acceptable risk-adjusted returns, provided it is not prohibited by state law or WSIB policy. Investment structures may include real estate operating companies, joint ventures, commingled funds (closed or open-ended), and co-investments with existing WSIB real estate partners. Diversification within the real estate program is achieved through consideration of property type, capital structure, life cycle, geographic region, partner concentration, and capital level.

The WSIB's real estate portfolio current benchmark seeks to earn an 8 percent annual investment return over a rolling 10-year period.

Tangible Assets. The primary goal of the tangible asset portfolio is to generate a long-term, predictable and persistent income stream. The secondary goal is to generate appreciation approximately commensurate with inflation. The structure of the investments is primarily targeted to those private funds or separate accounts providing the WSIB with the most robust governance provisions related to acquisitions, dispositions, debt levels, and ongoing operational decisions for annual capital expenditures. For diversification purposes, the tangible asset portfolio focuses on income-producing physical assets in the upstream and midstream segments of four main industries: minerals and mining, energy, agriculture, and society essentials.

The WSIB's current return objective for tangible assets calls for a target benchmark of 400 basis points above the U.S. Consumer Price Index over a long-term investment horizon defined as at least five years.

Innovation Portfolio. The innovation portfolio investment strategy is to provide the WSIB with the ability to invest in assets that fall outside of traditional asset classes and to provide the WSIB with comfort and demonstrated success before committing large dollar amounts to the strategy. The overall benchmark for the innovation portfolio is the weighted average of the underlying benchmark for each asset in the portfolio.

Currently, there are eight investment strategies in the innovation portfolio involving private partnerships.

2. Valuation of Investments

The pension trust fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Changes in Net Position.

The following table presents fair value measurements as of June 30, 2020:

Pension Trust Funds					
Investments Measured at Fair Value					
June 30, 2020					
(expressed in thousands)					
		Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Debt Securities					
Mortgage and other asset-backed securities	\$ 1,737,423	\$ —	\$ 1,737,423	\$ —	
Corporate bonds	13,377,718	—	13,377,718	—	
U.S. and foreign government and agency securities	7,626,438	—	7,626,438	—	
Total Debt Securities	22,741,579	—	22,741,579	—	
Equity Securities					
Common and preferred stock	20,633,107	20,573,270	54,025		5,812
Depository receipts and other miscellaneous	1,162,867	1,103,391	59,436		40
Mutual funds and exchange traded funds	6,702	6,702	—		—
Real estate investment trusts	397,228	397,228	—		—
Tangible asset funds	153,097	153,097	—		—
Total Equity Securities	22,353,001	22,233,688	113,461		5,852
Total Investments by Fair Value Level	45,094,580	\$ 22,233,688	\$ 22,855,040		\$ 5,852
Investments Measured at Net Asset Value (NAV)					
Private equity	26,183,382				
Real estate	20,765,773				
Tangible assets	5,851,028				
Collective investment trust funds (equity securities)	12,809,684				
Total Investments Measured at the NAV	65,609,867				
Total Investments Measured at Fair Value	\$ 110,704,447				
Other Assets (Liabilities) at Fair Value					
Collateral held under securities lending agreements	\$ 276,506	\$ —	\$ 276,506	\$ —	
Net foreign exchange contracts receivable-forward and spot	7,202	—	7,202	—	
Margin variation receivable-futures contracts	21,902	21,902	—	—	
Obligations under securities lending agreements	(276,506)	—	(276,506)	—	
Total Other Assets (Liabilities) Measured at Fair Value	\$ 29,104	\$ 21,902	\$ 7,202	\$ —	

Investments classified as level 1. Investments classified as level 1 in the previous table are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the appropriate market close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 in the previous table are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a debt security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Investments classified as level 3 in the previous table were publicly traded equity securities that have noncurrent or “stale” values and are included in the table at the last traded price. The stale pricing occurred due to trading suspensions, delisting from an active exchange, or lack of investor demand. The current market values of these securities are unknown.

Investments measured at net asset value (NAV). Investments measured at net asset value in the pension trust funds are the collective investment trust funds and alternative investments, including private equity, real estate, and tangible assets.

Collective Investment Trust Funds. The pension trust fund invests in three separate collective investment trust funds (fund). Each fund determines a fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded equity securities.

Two funds are passively managed to approximate the capitalization weighted total rates of return of the MSCI U.S. Investable Market Index and the MSCI Emerging Markets Investable Market Index. Each fund has daily openings and contributions, and withdrawals can be made on any business day. The fund managers, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund managers may choose to suspend valuation and/

or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund’s investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

The third fund seeks to achieve long-term capital appreciation through active investment management in emerging market countries. The index against which the fund compares its performance is the MSCI Emerging Market Index. The pension trust funds may redeem some or all of their holdings on each monthly valuation date. The fund manager may delay redemption proceeds if it determines that it is reasonably necessary to prevent a material adverse impact on the fund or other investors. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind.

Alternative Assets. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the pension trust funds’ ownership interest in partners’ capital. These values are based on the individual investee’s capital account balance reported at fair value by the general partner at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships’ annual financial statements are audited by independent auditors. These investments are valued at approximately \$52.95 billion as of June 30, 2020. Because of the inherent uncertainties in estimating fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2020, reported net asset value.

With the exception of two publicly traded funds, these investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets or net operating cash flows. It is anticipated that the various investments within each asset class will be liquidated over the following periods:

Pension Trust Funds**Alternative Assets Expected Liquidation Periods****June 30, 2020***(expressed in thousands)*

Liquidation Periods	Investment Type			Total	Percentage of Total
	Private Equity	Real Estate	Tangible Assets		
Publicly traded-Level 1	\$ —	\$ —	\$ 153,097	\$ 153,097	0.3 %
Less than 3 years	74,732	7,749	683	83,164	0.2 %
3 to 9 years	3,293,645	1,895,223	627,071	5,815,939	11.0 %
10 or more years	22,815,005	18,862,801	5,223,274	46,901,080	88.5 %
Total	\$ 26,183,382	\$ 20,765,773	\$ 6,004,125	\$ 52,953,280	100.0 %

Private Equity. This includes 295 private equity limited liability partnerships that invest primarily in the United States, Europe, and Asia in leveraged buyouts, venture capital, distressed debt, and growth equity. The fair value of individual capital account balances is based on the valuation reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for unique factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on portfolio companies' projections. The market approach involves valuing a company at a multiple of a specified financial measure, generally earnings before interest, taxes, depreciation, and amortization, based on multiples of comparable publicly traded companies.

Real Estate. This includes 32 real estate investments. Targeted investment structures within the real estate portfolio include real estate operating companies, limited liability companies, joint ventures, commingled funds, and co-investments. Real estate partnerships provide quarterly valuations to the pension trust fund management based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised

generally every one to five years, depending upon the investment. Structured finance investments receive quarterly adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Tangible Assets. This includes 56 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Other assets and liabilities measured at fair value. Forward exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points (based on the spot rate and currency interest rate differentials), which are all inputs that are observable in active markets (level 2).

Cash collateral held and the offsetting obligations under securities lending agreements are valued by the pension trust funds' lending agent and sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Gains and losses on futures contracts are settled daily, based on a notional (underlying) principal value, and do not involve an actual transfer of the specific instrument. The margin variation represents the current gain or loss remaining to be settled from the prior day. The custodial bank provides quoted prices for these securities from a reputable pricing vendor.

3. Unfunded Commitments

The WSIB has entered into a number of agreements that commit the pension trust funds, upon request, to make additional investment purchases up to predetermined

amounts. As of June 30, 2020, the pension trust funds had total unfunded commitments of \$32.64 billion in the following asset classes: \$19.08 billion in private equity, \$8.70 billion in real estate, and \$4.86 billion in tangible assets.

4. Securities Lending

State law and WSIB policy permit the pension trust funds to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the pension trust funds in securities lending transactions. As State Street Corporation is the custodian bank for the pension trust funds, it is counterparty to securities lending transactions.

The fair value of the securities on loan at June 30, 2020, was approximately \$423.1 million. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2020, cash collateral received totaling \$276.5 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$276.5 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the pension trust funds do not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2020, was \$158.0 million.

During the fiscal year, debt and equity securities were loaned and collateralized by the pension trust funds' agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held by the pension trust funds from reinvestment of cash collateral and securities received as collateral at June 30, 2020 (in millions):

U.S. treasuries	\$	133.3
Repurchase agreements		105.5
Yankee CD		76.7
Commercial paper		71.0
Mortgage-backed securities		24.7
Cash equivalents and other		23.3
Total Collateral Held	\$	434.5

During fiscal year 2020, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2020, the cash collateral held had an average duration of 10.3 days and an average weighted final maturity of 33.1 days.

Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on loan value could be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Corporation indemnified the pension trust funds by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2020, there were no significant violations of legal or contractual provisions and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the pension trust funds incurred no losses during fiscal year 2020 resulting from a default by either the borrowers or the securities lending agents.

5. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The risk is managed within the portfolios using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments.

While the pension trust funds do not have a formal policy relating to interest rate risk, the pension trust funds' fixed income investments are actively managed to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index, with volatility similar to or less than the index. The fixed income portfolio's duration is targeted within plus or minus 20 percent of the duration of the portfolio's performance benchmark. As of June 30, 2020, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two following schedules provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2020. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities

are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

Pension Trust Funds

Schedule of Maturities and Effective Duration

June 30, 2020

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,486,214	\$ 15,544	\$ 1,425,694	\$ 44,976	\$ —	1.7
Corporate bonds	13,377,718	871,132	5,360,344	4,744,785	2,401,457	6.7
U.S. government and agency securities	5,797,379	—	2,442,951	1,703,870	1,650,558	9.4
Foreign government and agency securities	1,829,059	343,545	1,097,200	303,062	85,252	3.7
Total internally managed fixed income	22,490,370	1,230,221	10,326,189	6,796,693	4,137,267	6.8
Mortgage-backed TBA forwards	251,209	251,209	—	—	—	—
Total Investments Categorized	22,741,579	\$ 1,481,430	\$ 10,326,189	\$ 6,796,693	\$ 4,137,267	6.7

Investments Not Required to be Categorized:

Cash and cash equivalents	3,884,868
Equity securities	35,009,588
Alternative investments	52,953,280
Total investments not categorized	91,847,736
Total Investments	\$114,589,315

* Excludes cash and cash equivalents

Credit ratings of investments are presented using the Moody's rating scale as follows:

Pension Trust Funds

Investment Credit Ratings

June 30, 2020

(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agency Securities	
Aaa	\$ 1,737,036	\$ 508,469	\$ 158,273	\$ 2,403,778
Aa1	—	104,974	251,880	356,854
Aa2	—	297,622	33,276	330,898
Aa3	—	549,100	194,737	743,837
A1	—	898,177	411,178	1,309,355
A2	—	1,729,134	—	1,729,134
A3	—	1,867,478	—	1,867,478
Baa1	—	1,577,517	47,893	1,625,410
Baa2	387	2,300,786	254,725	2,555,898
Baa3	—	1,784,596	133,995	1,918,591
Ba1 or lower	—	1,759,865	343,102	2,102,967
Total	\$ 1,737,423	\$ 13,377,718	\$ 1,829,059	\$ 16,944,200

6. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pension trust funds' investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB. The rated debt investments of the pension trust funds as of June 30, 2020, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The policy of the pension trust funds states no corporate fixed income issue cost shall exceed 3 percent of cost at the time of purchase or 6 percent of fair value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost or 2 percent of fair value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2020.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the pension trust funds would not be able to recover the value of their deposits, investments, or collateral securities. The pension trust funds do not have a policy relating to custodial credit risk. The WSIB mitigates

custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the pension trust funds.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The pension trust funds do not have a formal policy to limit foreign currency risk. The WSIB manages their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer, to limit foreign currency and security risk.

The following schedule presents the exposure of the pension trust funds' investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies. Private equity, real estate, and tangible assets are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings. The schedule is stated in U.S. dollars. In addition, the CTF has foreign currency exposure at June 30, 2020, of \$683.3 million invested in one emerging market commingled equity investment trust fund.

Pension Trust Funds
Foreign Currency Exposure by Country
June 30, 2020
(expressed in thousands)

	Investment Type in U.S. Dollar Equivalent						
Foreign Currency Denomination	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Open Foreign Exchange Contracts-Net	Total	
Australia-Dollar	\$ 2,766	\$ 73,207	\$ 469,326	\$ 180,509	\$ 47	\$ 725,855	
Brazil-Real	237	51,262	208,147	—	(2)	259,644	
Canada-Dollar	9,243	—	675,523	—	83	684,849	
Chile-Peso	219	50,037	13,049	—	—	63,305	
China-Renminbi	85	—	—	—	221	306	
China-Yuan Renminbi	1,467	27,584	289,491	—	56	318,598	
Columbia-Peso	195	59,949	5,677	—	—	65,821	
Denmark-Krone	47	—	264,911	—	118	265,076	
E.M.U.-Euro	6,605	—	2,766,041	3,590,107	1,756	6,364,509	
Hong Kong-Dollar	11,050	—	1,190,307	—	—	1,201,357	
India-Rupee	—	37,618	90,520	—	—	128,138	
Indonesia-Rupiah	72	22,045	58,564	—	—	80,681	
Japan-Yen	16,482	—	2,257,804	—	2,619	2,276,905	
Mexico-Peso	114	33,514	68,202	—	271	102,101	
New Taiwan-Dollar	136	—	289,376	—	—	289,512	
New Zealand-Dollar	169	—	29,827	—	1,186	31,182	
Norway-Krone	307	—	46,300	—	154	46,761	
Singapore-Dollar	2,600	—	144,563	—	213	147,376	
South Africa-Rand	4,262	—	93,361	27,561	610	125,794	
South Korea-Won	—	—	441,096	—	(9)	441,087	
Sweden-Krona	799	—	295,107	—	(435)	295,471	
Switzerland-Franc	1,594	—	956,263	—	(1,051)	956,806	
Thailand-Baht	97	—	55,707	—	—	55,804	
Turkey-Lira	114	—	66,825	—	(1,051)	65,888	
United Kingdom-Pound	6,256	—	1,589,088	—	1,575	1,596,919	
Uruguay-Peso	—	44,503	—	—	—	44,503	
Other	805	8,102	98,975	—	841	108,723	
Total	\$ 65,721	\$ 407,821	\$ 12,464,050	\$ 3,798,177	\$ 7,202	\$ 16,742,971	

8. Derivatives

Pension trust funds are authorized to utilize various derivative financial instruments including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps, and options. Derivative transactions involve, to varying degrees, market and credit risk. At June 30, 2020, the pension trust funds held investments in financial futures, forward currency contracts, and total return swap contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Revenues, Expenses, and Changes in Net Position in the period of change. The derivative instruments are considered investment derivatives and not hedging derivatives.

Derivatives are generally used to achieve the desired market exposure of a security, index, or currency; adjust portfolio duration; or rebalance the total portfolio to the target asset allocation. Derivative contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors.

A derivative instrument could be a contract negotiated on behalf of the pension trust funds and a specific counterparty. This would typically be referred to as an over the counter (OTC) contract, such as forward and total return swap contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded.”

Inherent in the use of OTC derivatives, the pension trust funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract. As of June 30, 2020, the pension trust funds counterparty risk was approximately \$24.6 million. The majority of the counterparties (60 percent) held a credit rating of Aa3 or higher on Moody's rating scale. All counterparties held investment grade credit ratings of Baa2 and above.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. As such, gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or to rebalance the total portfolio. Derivatives, which are exchange traded, are not subject to credit risk.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date in the future. These forward commitments are not standardized and carry counterparty credit risk due to the possible nonperformance by a counterparty. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote.

At June 30, 2020, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$7.2 million. The aggregate forward currency exchange contracts receivable and payable were \$3.76 billion and \$3.75 billion, respectively. The contracts have varying maturity dates ranging from July 2, 2020, to June 16, 2021.

Total return swap contracts are agreements where one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying or reference asset. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without physically owning the security. The pension trust funds swap total bond market index returns for total equity index returns as the reference asset in emerging markets. The values of these contracts are highly sensitive to interest rate changes. As of June 30, 2020, the pension trust funds held no total return swap contracts.

At June 30, 2020, the pension trust funds' fixed income portfolio held derivative securities consisting of collateralized mortgage obligations with a fair value of \$158.2 million. Domestic and foreign commingled investment trust fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by these funds is unavailable.

The following schedule presents the significant terms for derivatives held as investments by the pension trust funds:

Pension Trust Funds Derivative Investments June 30, 2020 <i>(expressed in thousands)</i>				
	Changes in Fair Value - Included in Investment Income (Loss) Amount	Fair Value - Investment Derivative Amount	Notional	
Futures Contracts:				
Bond index futures	\$ 77,621	\$ 263	\$	553,400
Equity index futures	(27,391)	21,639		15,114
Total	<u>\$ 50,230</u>	<u>\$ 21,902</u>	<u>\$</u>	<u>568,514</u>
Forward Currency Contracts	<u>\$ 40,489</u>	<u>\$ 7,235</u>	<u>\$</u>	<u>3,752,699</u>
Total Return Swap Contracts:				
Total return swaps bond	\$ (2,019)	\$ —	\$	—
Total return swaps equity	3,224	—		—
Total	<u>\$ 1,205</u>	<u>\$ —</u>	<u>\$</u>	<u>—</u>

C. INVESTMENTS - WORKERS' COMPENSATION FUND

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the Workers' Compensation Fund investments is vested in the voting members of the Washington State Investment Board (WSIB). The Legislature established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The Workers' Compensation Fund consists of contributions from employers and their employees participating in the state workers' compensation program and related earnings on those contributions. The workers' compensation program provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

In accordance with state laws, the Workers' Compensation Fund investments are managed to limit fluctuations in the industrial insurance premiums. Subject to this purpose, these portfolios seek to achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives is:

- Maintain the solvency of the funds.
- Maintain premium rate stability.
- Ensure sufficient assets are available to fund the expected liability payments.
- Subject to the objectives above, achieve a maximum return at a prudent level of risk.

Eligible Investments. Eligible investments are securities and deposits that are in accordance with the WSIB's investment policy and chapter 43.33A RCW. Eligible investments include:

- U.S. equities.
- International equities.
- U.S. treasuries and government agencies.
- Credit bonds.
- Mortgage-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.

- Asset-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.
- Investment grade non-U.S. dollar bonds.
- Real estate.

Investment Policies and Restrictions. To meet stated objectives, investments of the Workers' Compensation Fund are subject to the following constraints:

- All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW 43.33A.110 and RCW 43.33A.140.
- No corporate fixed income issue cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time.
- Asset allocations are to be reviewed every four years or sooner if there are significant changes in funding levels or the liability durations.
- Assets are to be rebalanced across asset classes when the fair value of the assets falls outside the policy ranges. The timing of any rebalancing will be based on market opportunities, cash flows, and the consideration of transaction costs; therefore, they need not occur immediately.

The WSIB has elected a gradual implementation plan to reach the strategic asset allocation. During this implementation period, if real estate is above or below its target due to timing or illiquidity, fixed income will be used to offset the balance.

Equity. The benchmark and structure for global equities will be the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index net with U.S. gross. The global equity portfolio will be passively managed in commingled index funds. The commingled fund managers may use futures for hedging or establishing a long position.

Fixed Income. It is the goal of the fixed income portfolios to match the target durations. The fixed income portfolios' required duration targets are to be reviewed every three years or sooner if there are significant changes in the funding levels or the liability durations.

Sector allocation of fixed income investments must be managed within the ranges presented below. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced to the target allocations as soon as it is practical.

Target Allocations for the Fixed Income Sectors:	
U.S. treasuries and government agencies	5% - 25%
Credit bonds	20% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	0% - 25%

Total market value of below investment grade credit bonds (as defined by Bloomberg Barclays Family of Fixed Income Indices) shall not exceed 5 percent of the total market value of the funds. Although below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. Total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of total market value of the funds.

Real Estate. The objectives and characteristics of the real estate portfolio are as follows:

- To generate a 6 percent annual investment return over a rolling 10-year period.
- The return will be generated by current income, and the portfolio will be intentionally constructed to focus on yield rather than total return.
- The portfolio will be diversified across geography and property type.
- The benchmark for the portfolio is a total net return of 6 percent measured over a rolling 10-year period.
- No more than 15 percent of the real estate portfolio will be invested in a single property after the program's build-out period.

2. Valuation of Investments

The Workers' Compensation Fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Revenues, Expenses, and Changes in Net Position. The following table presents fair value measurements as of June 30, 2020:

Workers' Compensation Fund				
Investments Measured at Fair Value				
June 30, 2020				
(expressed in thousands)				
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
Mortgage and other asset-backed securities	\$ 1,055,969	\$ —	\$ 1,055,969	\$ —
Corporate bonds	11,123,826	—	11,123,826	—
U.S. and foreign government and agency securities	4,304,287	—	4,304,287	—
Total Investments by Fair Value Level	16,484,082	\$ —	\$ 16,484,082	\$ —
Investments Measured at Net Asset Value (NAV)				
Commingled equity investment trusts	3,347,866			
Real estate	11,597			
Total investments measured at the NAV	3,359,463			
Total Investments Measured at Fair Value	\$ 19,843,545			

Investments classified as level 2. Investments classified as level 2 in the above table are comprised of publicly traded debt securities. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such

models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments measured at net asset value (NAV). Investments measured at net asset value in the Workers'

Compensation Fund include collective investment trust funds and alternative investments.

Collective Investment Trust Funds. The Workers' Compensation Fund invests in a single collective investment trust fund (fund). The fund is passively managed to track the investment of a broad, global equity index, the MSCI All Country World Investable Market Index net with U.S. gross. The fund determines a fair value by obtaining the values of underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings are publicly traded equity securities.

The fund has daily openings, and contributions and withdrawals can be made on any business day. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund manager may choose to suspend valuation and/or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund's investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

Alternative Investments. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the Workers' Compensation Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value by the general partner at the most recently available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at approximately \$11.6 million as of June 30, 2020. Because of the inherent uncertainties in estimating fair values, it is possible these estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2020, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets and from net operating cash flows. It is anticipated that the investments will be held for at least ten years or longer.

Real Estate. This includes one real estate investment. Targeted investment structures within the Workers'

Compensation Fund real estate portfolio include limited liability companies, limited partnerships, joint ventures, commingled funds, and co-investments. Real estate partnerships generally provide quarterly valuations based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised generally at least every five years, depending upon the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

3. Securities Lending

State law and WSIB policy permit the Workers' Compensation Fund to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the Workers' Compensation Fund in securities lending transactions. As State Street Corporation is the custodian bank for the Workers' Compensation Fund, it is counterparty to securities lending transactions.

During fiscal year 2020, debt securities were loaned and collateralized by the Workers' Compensation Fund's agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

As of June 30, 2020, the Workers' Compensation Fund had no securities on loan and, accordingly, no collateral was held.

During fiscal year 2020, securities lending transactions could be terminated on demand by either the Workers' Compensation Fund or the borrower. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on-loan value can be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities were lent during the current fiscal year with the agreement that they would be returned in the future for exchange of the collateral. State Street Corporation indemnified the Workers' Compensation Fund by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street

Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2020, there were no significant violations of legal or contractual provisions, and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Workers' Compensation Fund incurred no losses during fiscal year 2020 resulting from a default by either the borrowers or the securities lending agents.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. While the Workers' Compensation Fund does not have a formal policy relating to interest rate risk, the risk is managed within the Workers' Compensation

Fund portfolio using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments. As of June 30, 2020, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The following two schedules provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2020. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

Workers' Compensation Fund

Schedule of Maturities and Effective Duration

June 30, 2020

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,055,969	\$ 34,368	\$ 764,999	\$ 256,602	\$ —	3.5
Corporate bonds	11,123,826	809,435	4,633,156	2,459,081	3,222,154	7.4
U.S. government and agency securities	3,005,826	101,045	745,727	1,046,698	1,112,356	11.1
Foreign government and agencies	1,298,461	144,757	668,749	391,338	93,617	5.0
Total Investments Categorized	16,484,082	\$ 1,089,605	\$ 6,812,631	\$ 4,153,719	\$ 4,428,127	7.6
Investments Not Required to be Categorized:						
Commingled investment trusts	3,347,866					
Cash and cash equivalents	471,904					
Real estate	11,597					
Total investments not categorized	3,831,367					
Total Investments	\$ 20,315,449					

* Excludes cash and cash equivalents

Investments with multiple credit ratings are presented using the Moody's rating scale as follows:

Workers' Compensation Fund				
Investment Credit Ratings				
June 30, 2020				
(expressed in thousands)				
Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agencies	
Aaa	\$ 1,055,969	\$ 494,858	\$ 192,251	\$ 1,743,078
Aa1	—	172,648	236,840	409,488
Aa2	—	327,289	191,314	518,603
Aa3	—	725,821	277,291	1,003,112
A1	—	1,639,931	278,090	1,918,021
A2	—	2,190,490	—	2,190,490
A3	—	1,974,979	—	1,974,979
Baa1	—	1,601,696	—	1,601,696
Baa2	—	1,466,673	92,968	1,559,641
Baa3	—	364,925	29,707	394,632
Ba1 or lower	—	164,516	—	164,516
Total	\$ 1,055,969	\$ 11,123,826	\$ 1,298,461	\$ 13,478,256

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Workers' Compensation Fund investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB.

The rated debt investments of the Workers' Compensation Fund as of June 30, 2020, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Workers' Compensation Fund policy states that no corporate fixed income issues cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time. There was no concentration of credit risk as of June 30, 2020.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the Workers' Compensation Fund would not be able to recover the value of its deposits, investments, or collateral securities. The Workers' Compensation Fund does not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the Workers' Compensation Fund.

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Workers' Compensation Fund does not have a formal policy to limit foreign currency risk. At June 30, 2020, the only securities held by the Workers' Compensation Fund with foreign currency exposure were \$1.38 billion (excludes U.S. dollar denominated securities) invested in an international commingled equity index fund.

The following schedule presents the exposure of the Workers' Compensation Fund to foreign currency risk. The schedule is stated in U.S. dollars.

Workers' Compensation Fund
Foreign Currency Exposure by Country
June 30, 2020
(expressed in thousands)

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 65,882
Brazil-Real	21,578
Canada-Dollar	93,089
China-Yuan Renminbi	17,030
Denmark-Krone	21,334
E.M.U.-Euro	286,790
Hong Kong-Dollar	117,483
India-Rupee	33,271
Japan-Yen	247,018
New Taiwan-Dollar	53,773
South Korea-Won	48,325
Sweden-Krona	33,647
Switzerland-Franc	90,843
United Kingdom-Pound	136,812
Miscellaneous Foreign Currencies	112,678
Total	\$ 1,379,553

7. Derivatives

To manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns, the Workers' Compensation Fund is authorized to utilize various derivative financial instruments including collateralized mortgage obligations, financial futures, forward contracts, interest rate and equity swaps, and options. Derivative transactions involve, to varying degrees, market and credit risk. The Workers' Compensation Fund mitigates market risks arising from derivative transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative securities by passive equity index fund managers is unavailable.

At June 30, 2020, the only derivative securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$532.8 million.

D. INVESTMENTS - LOCAL GOVERNMENT INVESTMENT POOL

1. Summary of Investment Policies

The Local Government Investment Pool (LGIP) is managed and operated by the Office of the State Treasurer (OST). The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification, and liquidity for external investment pools that elect to measure, for financial reporting purposes, all of its investments at amortized costs. The funds are limited to high quality obligations with regulated maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The OST prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, WA 98504-0200, online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/>, or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

Investment Objectives. In priority order, the objectives of the LGIP investment policy are safety, liquidity, and return on investment.

Safety of principal is the primary objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.

The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated.

The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment

risk parameters and the cash flow characteristics of the pool.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58 and 39.59 RCW, and RCW 43.84.080). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of supranational institutions provided that, at the time of investment, the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored corporations that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.

Investment Restrictions. To provide for safety and liquidity of funds, the LGIP policy places the following restrictions on the investment portfolio:

- Investments are restricted to fixed rate securities that mature in 397 days or less, except securities utilized in repurchase agreements and U.S. government and supranational floating or variable rate securities which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can reasonably be expected to have a market value that approximates their amortized cost.
- The weighted average maturity of the portfolio will not exceed 60 days.
- The weighted average life of the portfolio will not exceed 120 days.
- The purchase of investments in securities other than those issued by the U.S. government or its agencies will be limited.
- Cash generated through securities lending or reverse repurchase agreement transactions will not increase the dollar amount of specified investment types beyond stated limits.

Participant Transactions. The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or

withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

Investments are stated at amortized cost which approximates fair value. For bank deposits and repurchase agreements, the cost-based measure equals their carrying amount.

Monthly, the fair value net asset value per share is calculated and compared to the amortized cost net asset value per share to verify that the LGIP's shadow price does not deviate by more than one half of 1 percent from the amortized cost of the portfolio.

3. Securities Lending

State statutes permit the LGIP to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The LGIP has contracted with Northern Trust as a lending agent and receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. Cash collateral received from the lending of non-coupon-bearing securities shall not be valued at less than 102 percent of fair value, not to exceed par.

The cash is invested by the lending agent in accordance with investment guidelines approved by the LGIP. The securities held as collateral and the securities underlying the cash collateral are held by the LGIP's custodian. One option available to the lending agent is to invest cash collateral with the LGIP. Maturities of investments made with cash collateral are generally matched to maturities of securities loaned.

During fiscal year 2020, the LGIP lent U.S. agency and U.S. treasury securities while other securities were received as collateral. At June 30, 2020, the fair value of securities on loan was \$1.01 billion and the fair value of securities received for collateral was \$1.03 billion.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next

day liquidity at the option of the LGIP. During fiscal year 2020, the LGIP had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the LGIP. Furthermore, contracts require the lending agent to indemnify the LGIP if the borrowers fail to return securities and if collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

The LGIP cannot pledge or sell collateral securities received unless the borrower defaults. The LGIP investment policy limits the amount of reverse repurchase agreements and securities lending to 30 percent of the total portfolio. There were no violations of legal or contractual provisions and no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the LGIP portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes weighted average maturity and weighted average life limits not to exceed 60 and 120 days, respectively. As of June 30, 2020, the LGIP had a weighted average maturity of 50 days and a weighted average life of 107 days.

The following schedule presents the LGIP investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2020:

Local Government Investment Pool (LGIP)				
Schedule of Maturities				
June 30, 2020				
<i>(expressed in thousands)</i>				
Investment Type	Amortized Cost	Maturity		
		Less than 1 Year	1-5 Years	
U.S. agency securities	\$ 3,599,705	\$ 1,570,684	\$ 2,029,021	
Repurchase agreements	1,625,000	1,625,000	—	
U.S. treasury securities	15,007,222	14,907,222	100,000	
Interest bearing bank accounts	2,702,093	2,702,093	—	
Supranational securities	524,209	524,209	—	
Certificates of deposit	209,000	209,000	—	
Total Investments	\$ 23,667,229	\$ 21,538,208	\$ 2,129,021	

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of

the investment. All securities utilized in repurchase agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates concentration of credit risk by limiting the purchase of securities of any one issuer, with the exception of U.S. treasury and U.S. agency securities, to no more than 5 percent of the portfolio.

Repurchase agreements comprise 6.9 percent of the total portfolio as of June 30, 2020. The LGIP limits the securities utilized in repurchase agreements to U.S. treasury and U.S. agency securities. The LGIP requires delivery of all securities utilized in repurchase agreements and the securities are priced daily.

As of June 30, 2020, U.S. treasury securities comprised 63.4 percent of the total portfolio. U.S. agency securities comprised 15.2 percent of the total portfolio, including Federal Farm Credit Bank (9.0 percent), Federal Home Loan Bank (5.1 percent), and Federal National Mortgage Association (1.1 percent). Supranational securities comprised 2.2 percent of the total portfolio.

6. Repurchase Agreements

The fair value plus accrued income of securities utilized in repurchase agreements will be 102 percent of the value of the repurchase agreement plus accrued interest.

The securities utilized in repurchase agreements are limited to government securities, are priced daily, and are held by the LGIP's custodian in the state's name. As of June 30, 2020, repurchase agreements totaled \$1.63 billion.

E. INVESTMENTS - HIGHER EDUCATION SPECIAL REVENUE, ENDOWMENT, AND STUDENT SERVICES FUNDS

1. Summary of Investment Policies

The investments of the University of Washington represent 80 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

The University of Washington's Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the chief investment officer, carries out the day-to-day activities of the investment portfolios. The UWINCO Board, which consists of both Board of Regents' members and external investment professionals, serves as an advisory board to UWINCO.

The majority of the University's investments are insured, registered, and held by the University's custodial bank as an agent for the University. Investments not held by the custodian include venture capital, private equity, opportunistic investments, marketable alternatives, mortgages, real assets, and miscellaneous investments.

The University combines most short-term cash balances in the Invested Funds Pool. At June 30, 2020, the Invested Funds Pool totaled \$2.1 billion. The fund also owns units in the Consolidated Endowment Fund valued at \$625.0 million on June 30, 2020.

By University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance.

Campus depositors received 0.75 percent in fiscal year 2020. University Advancement received 3.0 percent of the average balances in endowment operating and gift accounts in fiscal year 2020. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in a pooled fund called the Consolidated Endowment Fund (CEF). Individual endowments purchase units in the pool on the basis of a per unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. Chapter 24.55 RCW and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure in the CEF under comprehensive prudent standards.

In February 2019, the Board of Regents approved an amendment to the CEF Investment Policy, implementing a three-year phased spending rate reduction from 5.0 percent to 4.5 percent to lessen the impact on University units. The fiscal year 2020 spending rate was 4.9 percent. Under the CEF spending policy, quarterly distributions to programs are based on an annual percentage rate of 3.92 percent applied to the five-year rolling average of the CEF's market value.

Additionally, the policy allows for an administrative fee of 0.98 percent to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current market value in the Restricted Nonexpendable Net Position category. Of the endowments that are recorded at current market value, the net deficiency from the original gift value was \$5.5 million at June 30, 2020.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of \$170.0 million in fiscal year 2020 from the sale of investments.

The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation (depreciation) of these investments reported in the prior year(s). The net appreciation in the fair value of investments during the year ended June 30, 2020, was \$95.0 million.

2. Valuation of Investments

The University reports investments at fair value and categorizes its fair value measurements within the fair

value hierarchy established by generally accepted accounting principles. The University holds significant amounts of investments that are measured at fair value on a recurring basis.

The following schedule presents the fair value of the University's investments by type at June 30, 2020:

University of Washington					
Investments Measured at Fair Value					
June 30, 2020					
(expressed in thousands)					
		Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Fixed Income Securities					
U.S. treasury	\$ 1,043,802	\$ 15,660	\$ 1,028,142	\$	—
U.S. government agency	396,580	11,151	385,429		—
Mortgage-backed	222,329	—	222,329		—
Asset-backed	213,099	—	213,099		—
Corporate and other	506,833	21,025	485,808		—
Total Fixed Income Securities	2,382,643	47,836	2,334,807		—
Equity Securities					
Global equity investments	535,298	532,623	2,675		—
Private equity and venture capital funds	324	—	—		324
Real estate	23,677	18,800	—		4,877
Other	7,546	—	—		7,546
Total Equity Securities	566,845	551,423	2,675		12,747
Externally managed trusts	123,539	—	—		123,539
Total Investments by Fair Value Level	3,073,027	\$ 599,259	\$ 2,337,482	\$	136,286
Investments Measured at Net Asset Value (NAV)					
Global equity investments	1,527,184				
Absolute return strategy funds	649,895				
Private equity and venture capital funds	532,244				
Real asset funds	147,283				
Other	70,654				
Total Investments Measured at the NAV	2,927,260				
Total Investments Measured at Fair Value	6,000,287				
Cash equivalents at amortized cost	569,846				
Total Investments	\$ 6,570,133				

Investments classified as level 1. Fixed income and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments classified as level 2. Fixed income and equity securities classified in level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates.

Investments classified as level 3. Private equity, real assets, and other investments classified in level 3 are

valued using either discounted cash flow or market comparable techniques.

Investments measured at net asset value. The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value (NAV) estimates used as a practical expedient and reported to the University by investment fund managers.

The information related to investments measured at the NAV per share (or its equivalent) is presented on the following table:

University of Washington

Investments Measured at the Net Asset Value

June 30, 2020

(expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity investments	\$ 1,527,184	\$ —	Monthly to annually	15-180 days
Absolute return strategy funds	649,895	13,095	Quarterly to annually	30-90 days
Private equity and venture capital funds	532,244	370,381	n/a	—
Real asset funds	147,283	58,753	n/a	—
Other	70,654	32,674	Quarterly to annually	30-95 days
Total Investments Measured at the NAV	\$ 2,927,260			

Global Equity. This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive market indices. As of June 30, 2020, approximately 78 percent of the value of the investments in this category can be redeemed within 90 days, and 92 percent can be redeemed within one year.

Absolute Return. This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. Approximately 83 percent of the value of the investments in this category can be redeemed within one year.

Private Equity and Venture Capital. This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the majority of the underlying assets of the funds will be liquidated over the next seven to ten years.

Real Assets. This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the majority of the underlying assets of the funds will be liquidated over the next seven to ten years.

Other. This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. Approximately 25 percent of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these

investments contain restrictions on redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

3. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2020, the University had outstanding commitments to fund alternative investments in the amount of \$474.9 million. These commitments are expected to be called over a multi-year timeframe. The University believes it has adequate liquidity and funding sources to meet these obligations.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform while controlling the interest rate risk in the portfolio.

Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.99 years at June 30, 2020.

5. Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative

perceptions of the issuer's ability to make these payments will cause prices to decline. The University's investment policies limit fixed income exposure to investment grade assets. The investment policy for the Invested Funds' short-term pool requires each manager to maintain an average quality rating of AA as issued by a nationally recognized rating organization. The investment policy for the Invested Funds' intermediate-term pool requires each manager to maintain an average quality rating of A and to hold at least 25 percent of their portfolios in government and government agency issues. The investment policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investments to investment grade credits.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal policy regarding custodial credit risk. However, all University investments in the CEF and the Invested Funds Pool are held in the name of the University and are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The CEF investment policy limits concentration by manager, country (other than U.S.), and market sector. The University further mitigates concentration of credit risk through the due diligence of each manager and careful monitoring of asset concentrations.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration presented below represents a broad average across all fixed income securities held in the CEF, Invested Funds Pool (IF or operating funds), and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

The following schedule summarizes the composition of the fixed income securities along with credit quality and effective duration measures at June 30, 2020. The schedule excludes \$32.3 million of fixed income securities held by component units. These amounts make up 1.36 percent of the University's fixed income investments.

University of Washington

Invested Funds Pool and Consolidated Endowment Fund

Fixed Income Credit Quality and Effective Duration

June 30, 2020

(expressed in thousands)

Investment Type	U.S. Government	Investment Grade*	Non- Investment Grade	Not Rated	Total	Effective Duration (in years)
U.S. treasury securities	\$ 1,028,142	\$ —	\$ —	\$ —	\$ 1,028,142	2.25
U.S. government agency	391,240	—	—	—	391,240	3.02
Mortgage-backed	—	177,087	14,037	31,205	222,329	1.78
Asset-backed	—	190,520	3,400	19,179	213,099	1.16
Corporate and other	—	427,629	22,703	45,199	495,531	1.06
Total	\$ 1,419,382	\$ 795,236	\$ 40,140	\$ 95,583	\$ 2,350,341	1.99

* Investment grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

6. Foreign Currency Risk

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies

permit investments in international equity and other asset classes that can include foreign currency exposure. To manage foreign currency exposure, the University also enters into foreign currency forward contracts, futures contracts, and options. The University held non-U.S. denominated securities at June 30, 2020, of \$1.41 billion.

The following schedule, stated in U.S. dollars, details the market value of foreign denominated securities by currency type:

University of Washington	
Consolidated Endowment Fund	
Foreign Currency Risk	
June 30, 2020	
<i>(expressed in thousands)</i>	
Foreign Currency	Amount
Australia-Dollar	\$ 37,665
Brazil-Real	79,831
Britain-Pound	96,832
Canada-Dollar	54,539
China-Renminbi	299,324
E.M.U.-Euro	150,466
Hong Kong-Dollar	47,526
India-Rupee	119,874
Japan-Yen	229,546
Russia-Ruble	18,141
Singapore-Dollar	24,635
South Africa-Rand	14,154
South Korea-Won	53,471
Sweden-Krona	30,295
Switzerland-Franc	33,393
Taiwan-Dollar	29,441
Remaining currencies	92,478
Total	\$ 1,411,611

7. Derivatives

The University's investment policies allow investing in various derivative instruments, including futures, swaps, and forwards, to manage exposures within or across the portfolio and to improve the portfolio's risk/return profile. Futures are financial contracts obligating the buyer to purchase an asset at a predetermined future date and price. Total return swaps involve commitments to pay interest in exchange for a market-linked return, both based on notional amounts. Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2020, the University had outstanding futures contracts with notional amounts totaling \$65.1 million and accumulated unrealized gains on these contracts totaled \$20 thousand. These accumulated unrealized gains are included in investments on the Statements of Net Position.

Credit exposure represents exposure to counterparties relating to financial instruments where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2020. The University had no hedging derivatives or derivatives for investment purposes as of June 30, 2020.

Details on foreign currency derivatives are disclosed under Foreign Currency Risk.

F. INVESTMENTS - OFFICE OF THE STATE TREASURER CASH MANAGEMENT ACCOUNT

1. Summary of Investment Policies

The Office of the State Treasurer (OST) operates the state's Cash Management Account for investing Treasury/Trust funds in excess of daily requirements. Investment income earned is allocated based on average daily cash balance. Pursuant to state law, all earnings on investments of Treasury/Trust funds are credited to the General Fund except as specifically provided in RCW 43.79A.040 and RCW 43.84.092. In fiscal year 2020, a portion of the investment income reported by the General Fund was earned by other funds.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

Investment Objectives. All Treasury/Trust funds will be invested in conformance with federal, state, and other legal requirements. The primary objectives of the portfolio shall be safety and liquidity, with return on investment a secondary objective.

Investments shall be undertaken in a manner that seeks preservation of capital in the overall portfolio. Because the investment portfolio must remain liquid to enable the State Treasurer to meet all cash requirements that can reasonably be anticipated, investments will be managed to maintain cash balances needed to meet daily obligations of the state. After assuring needed levels of safety and liquidity, the investment portfolio will be structured to attain a market rate of return.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 43.250, and 43.84.080 RCW). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- U.S. dollar denominated obligations of supranational institutions, provided that at the time of investment the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.

- Commercial paper, provided that the OST adheres to policies and procedures of the Washington State Investment Board (WSIB) regarding commercial paper (RCW 43.84.080(5)).
- Corporate notes, provided that the OST adheres to the investment policies and procedures adopted by the WSIB (RCW 43.84.080(7)).
- Investment deposits with financial institutions qualified by the Washington Public Deposit Protection Commission (RCW 39.58.010(9)) and deposits made pursuant to RCW 39.58.080.
- Local Government Investment Pool (LGIP).
- Obligations of the state of Washington or its political subdivisions.

Investment Restrictions. To provide for the safety and liquidity of Treasury/Trust funds, the Cash Management Account investment portfolio is subject to the minimum restrictions listed below. Certain investment instruments are subject to more restrictive limitations.

- The final maturity of any security will not exceed ten years.
- Purchase of collateralized mortgage obligations is not allowed.
- The allocation to investments subject to high price sensitivity or reduced marketability will not exceed 15 percent of the daily balance of the portfolio.

Additionally, investments in non-government securities, excluding collateral of repurchase agreements, must fall within prescribed limits.

Limitations and Restrictions on LGIP Participant Withdrawals. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

The OST reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The following table presents fair value measurements as of June 30, 2020:

Office of the State Treasurer				
Cash Management Account				
Investments Measured at Fair Value				
June 30, 2020				
(expressed in thousands)				
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
U.S. government securities	\$ 2,714,129	\$ —	\$ 2,714,129	\$ —
U.S. agency securities	1,849,449	—	1,849,449	—
Supranational securities	658,330	—	658,330	—
Corporate notes	171,649	—	171,649	—
Total Investments Measured at Fair Value	\$ 5,393,557	\$ —	\$ 5,393,557	\$ —

Investments classified as level 2. The debt securities classified as level 2 in the above table are valued using observable inputs including quoted prices for similar securities and interest rates.

by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2020, the fair value of securities on loan totaled \$329.5 million.

3. Securities Lending

State statutes permit the OST to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST has contracted with Northern Trust Company as a lending agent and receives a share of income earned from this activity. The lending agent lends U.S. government, U.S. agency, and supranational securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. During fiscal year 2020, the OST had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.

There were no violations of legal or contractual provisions, and there were no losses resulting from a default of a borrower or lending agent during the fiscal year.

The cash is invested by the lending agent in repurchase agreements, deposit accounts, or money market instruments, in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. During fiscal year 2020, there was no cash collateral from securities lending.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Treasury/Trust investments are separated into portfolios with objectives based primarily on liquidity needs.

Contracts require the lending agent to indemnify the OST if the borrowers fail to return securities and if the collateral is inadequate to replace the securities lent, or if the borrower fails to pay the OST for income distribution

The OST's investment policy limits the weighted average maturity of its investments based on cash flow expectations. Policy also directs due diligence to be exercised with timely reporting of material deviation from expectations and actions taken to control adverse developments as may be possible.

The following schedules present the OST investments and related maturities, and provide information about the associated interest rate risks as of June 30, 2020:

Office of the State Treasurer				
Cash Management Account				
Schedule of Maturities				
June 30, 2020				
(expressed in thousands)				
Investment Type	Total Fair Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. government securities	\$ 3,038,840	\$ 933,316	\$ 2,105,524	\$ —
U.S. agency securities	1,861,415	168,530	1,692,885	—
Supranational securities	658,330	90,426	537,737	30,167
Corporate notes	171,649	10,588	161,061	—
Investments with LGIP	4,650,569	4,650,569	—	—
Certificates of deposit	132,872	132,872	—	—
Interest bearing bank accounts	92,237	92,237	—	—
Total Investments	\$ 10,605,912	\$ 6,078,538	\$ 4,497,207	\$ 30,167

Credit ratings of investments are presented using the Standard and Poor's (S&P) rating scale as follows:

Office of the State Treasurer			
Cash Management Account			
Investment Credit Ratings			
June 30, 2020			
(expressed in thousands)			
S&P Credit Rating	Investment Type		Total Fair Value
	Corporate Notes	Supranationals	
AAA	\$ 37,356	\$ 658,330	\$ 695,686
AA+	21,863	—	21,863
AA	26,198	—	26,198
AA-	52,886	—	52,886
A+	18,146	—	18,146
A	15,200	—	15,200
Total	\$ 171,649	\$ 658,330	\$ 829,979

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The OST limits credit risk by adhering to the OST investment policy which restricts the types of investments the OST can participate in to U.S. government and agency securities, U.S. dollar denominated obligations of supranational institutions, commercial paper, corporate notes, and deposits with qualified public depositories. Investments in non-government securities may not exceed set percentages of the total daily portfolio size.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The OST

investment policy requires that securities purchased by the office be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. For non-governmental securities, the OST adheres to the WSIB policy on commercial paper and corporate notes investments which limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 3 percent of the portfolio to any single issuer.

Note 4

Receivables and Unearned/Unavailable Revenues

A. GOVERNMENTAL FUNDS

Taxes Receivable

Taxes receivable at June 30, 2020, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property	\$ 2,205,217	\$ —	\$ —	\$ 446	\$ 2,205,663
Sales	2,922,830	4,544	—	15,966	2,943,340
Business and occupation	1,023,260	39,187	—	554	1,063,001
Estate	—	31,707	—	—	31,707
Fuel	—	—	—	134,180	134,180
Beer and wine	—	—	—	5,744	5,744
Marijuana	—	—	—	49,199	49,199
Real estate excise	11,850	719	—	2,789	15,358
Insurance Premium	1,723	—	—	—	1,723
Public utilities	53,545	1,992	—	—	55,537
Hazardous substance	—	—	—	21,222	21,222
Syrup	8,863	—	—	—	8,863
Other	1,727	—	—	1,567	3,294
Subtotals	6,229,015	78,149	—	231,667	6,538,831
Less: Allowance for uncollectible receivables	738,702	2,880	—	3,266	744,848
Total Taxes Receivable	\$ 5,490,313	\$ 75,269	\$ —	\$ 228,401	\$ 5,793,983

Receivables

Receivables at June 30, 2020, consisted of the following (expressed in thousands):

Receivables	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Public assistance ⁽¹⁾	\$ 473,764	\$ —	\$ —	\$ —	\$ 473,764
Accounts receivable	852,460	606,544	2,735	401,533	1,863,272
Interest	11,995	11,061	4,242	9,478	36,776
Loans ⁽²⁾	6,363	94,636	—	561,590	662,589
Long-term contracts ⁽³⁾	2,416	—	18,773	69,237	90,426
Miscellaneous	16	75	—	11	102
Subtotals	1,347,014	712,316	25,750	1,041,849	3,126,929
Less: Allowance for uncollectible receivables	577,036	33,867	—	116,658	727,561
Total Receivables	\$ 769,978	\$ 678,449	\$ 25,750	\$ 925,191	\$ 2,399,368

Notes:

⁽¹⁾ Public assistance receivables mainly represent amounts owed to the state as a part of the Support Enforcement Program at the Department of Social and Health Services for the amounts due from persons required to pay support for individuals currently on state assistance, and have a low realization expectation. Accordingly, the receivable is offset by a large allowance for uncollectible receivables.

⁽²⁾ Significant long-term portions of loans receivable include \$76.9 million in the Higher Education Special Revenue Fund for student loans and \$520.2 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

⁽³⁾ Long-term contracts in Nonmajor Governmental Funds are for timber sales contracts.

Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Other taxes	\$ 3,720	\$ —	\$ —	\$ 21,380	\$ 25,100
Charges for services	99,233	248,961	—	30,004	378,198
Donable goods	—	—	—	3,022	3,022
Grants and donations ⁽¹⁾	1,834,317	13,607	—	15,227	1,863,151
Tolls	—	—	—	27,389	27,389
Transportation	—	—	—	179,492	179,492
Miscellaneous	15,099	18,047	—	11,084	44,230
Total Unearned Revenue	\$ 1,952,369	\$ 280,615	\$ —	\$ 287,598	\$ 2,520,582

Notes:

⁽¹⁾ Unearned revenue from grants and donations includes \$1.8 billion in federal Coronavirus Relief Funds received during fiscal year 2020 from the U.S. Department of the Treasury under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but not yet spent.

Unavailable Revenue

Unavailable revenue at June 30, 2020, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,003,404	\$ —	\$ —	\$ 76	\$ 2,003,480
Other taxes	833,485	22,013	—	3,940	859,438
Timber sales	2,416	—	18,773	69,237	90,426
Transportation	—	—	—	4,818	4,818
Charges for services	17	—	—	724	741
Miscellaneous	4,659	—	—	11,269	15,928
Total Unavailable Revenue	\$ 2,843,981	\$ 22,013	\$ 18,773	\$ 90,064	\$ 2,974,831

B. PROPRIETARY FUNDS

Receivables

Receivables at June 30, 2020, consisted of the following (expressed in thousands):

Receivables	Business-Type Activities					Governmental	
	Enterprise Funds					Activities	
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds	
Accounts receivable ⁽¹⁾	\$ 954,486	\$ 980,965	\$ 356,030	\$ 252,940	\$ 2,544,421	\$ 19,034	
Interest	115,833	—	1,279	3,541	120,653	181	
Investment trades pending	—	—	—	169	169	—	
Miscellaneous	9	—	27	—	36	—	
Subtotals	1,070,328	980,965	357,336	256,650	2,665,279	19,215	
Less: Allowance for uncollectible receivables	234,390	266,191	23,399	502	524,482	847	
Total Receivables	\$ 835,938	\$ 714,774	\$ 333,937	\$ 256,148	\$ 2,140,797	\$ 18,368	

Notes:

⁽¹⁾ The Unemployment Compensation Fund accounts receivable and allowance for doubtful accounts balances include \$198.2 million and \$166.5 million, respectively, related to the increased imposter fraud the fund experienced after the start of the COVID-19 pandemic.

Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities					Governmental	
	Enterprise Funds					Activities	
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds	
Charges for services	\$ —	\$ —	\$ 168,962	\$ 8,569	\$ 177,531	\$ 3,686	
Other taxes	152	—	—	23,015	23,167	—	
Miscellaneous	7,931	—	319	19	8,269	—	
Total Unearned Revenue	\$ 8,083	\$ —	\$ 169,281	\$ 31,603	\$ 208,967	\$ 3,686	

Taxes Receivables

Taxes receivables at June 30, 2020, consisted of \$2.4 million for petroleum products, net of allowance.

C. FIDUCIARY FUNDS

Other Receivables

Receivables at June 30, 2020, consisted of \$18.9 million for interest and other miscellaneous amounts.

Unearned Revenue

Unearned revenue at June 30, 2020, consisted of \$572 thousand for service credit restorations reported in Pension and Other Employee Benefit Plans.

Note 5

Interfund Balances and Transfers

A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2020, consisted of the following (expressed in thousands):

Due To	Due From				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 2,817	\$ —	\$ 281,350	\$ 384
Higher Education Special Revenue	66,852	—	512,839	51,237	608
Higher Education Endowment	18	—	—	—	—
Nonmajor Governmental Funds	97,885	233	2,837	245,610	37
Workers' Compensation	29	—	—	79	—
Unemployment Compensation	4,281	8,500	—	909	118
Higher Education Student Services	9,827	4,157	—	137	46
Nonmajor Enterprise Funds	10,472	156	—	1,869	351
Internal Service Funds	146,521	9,006	—	15,952	4,288
Totals	\$ 335,885	\$ 24,869	\$ 515,676	\$ 597,143	\$ 5,832

Except as noted below, interfund balances are expected to be paid within one year from the date of the financial statements. These balances resulted from the time lag between the dates that (1) interfund goods and services were provided and when the payments occurred and (2) interfund transfers were accrued and when the liquidations occurred.

Interfund balances include: (1) a \$634 thousand loan between nonmajor governmental funds which is expected to be paid over the next two years, and (2) a \$131.1 million revolving loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$112.7 million within the state's Pension Trust Funds.

Due From						
Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Totals	
\$ 6	\$ —	\$ 17,902	\$ 217,377	\$ —	\$ 519,836	
—	167,914	180	13,474	—	813,104	
—	—	—	—	—	18	
1,369	80	917	2,857	—	351,825	
—	—	—	35	—	143	
—	13	43	73	—	13,937	
—	—	74	299	—	14,540	
—	51	354,121	28	—	367,048	
—	11,634	2,503	13,820	82	203,806	
\$ 1,375	\$ 179,692	\$ 375,740	\$ 247,963	\$ 82	\$ 2,284,257	

B. INTERFUND TRANSFERS

Interfund transfers as reported in the financial statements for the year ended June 30, 2020, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 1,386	\$ 300	\$ 1,596,280	\$ —
Higher Education Special Revenue	106,402	—	22,109	248,083	—
Higher Education Endowment	—	192,866	—	35,310	—
Nonmajor Governmental Funds	505,017	127,986	1,185	884,376	—
Workers' Compensation	3,439	—	—	—	—
Unemployment Compensation	—	—	—	—	—
Higher Education Student Services	—	652,366	—	8,771	—
Nonmajor Enterprise Funds	169,285	—	—	14,054	—
Internal Service Funds	—	45,943	—	35	—
Private-Purpose Trust Funds	4,117	—	—	—	—
Totals	\$ 788,260	\$ 1,020,547	\$ 23,594	\$ 2,786,909	\$ —

Except as noted below, transfers are used to (1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, (2) move receipts designated for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) move profits from the Lottery Fund as required by law, and (5) transfer amounts to and from the General Fund as required by law.

On June 30, 2020, \$236.8 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (BSA) in accordance with the provisions of the state Constitution. The state Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature. The BSA is reported as an Administrative Account within the General Fund.

In addition to the transfers noted in the schedule above, there were transfers of \$427.3 million within the state's Pension Trust Funds.

Transferred To						
Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Internal Service Funds	Private-Purpose Trust Funds	Totals	
\$ —	\$ —	\$ 11,331	\$ 16,648	\$ —	\$ 1,625,945	
—	635,643	—	44,425	—	1,056,662	
—	—	—	—	—	228,176	
—	605	—	—	—	1,519,169	
—	—	—	—	—	3,439	
—	—	—	—	—	—	
—	—	—	350	—	661,487	
—	—	—	—	—	183,339	
—	—	—	—	—	45,978	
—	—	—	—	—	4,117	
\$ —	\$ 636,248	\$ 11,331	\$ 61,423	\$ —	\$ 5,328,312	

Note 6

Capital Assets

Capital assets at June 30, 2020, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

A. GOVERNMENTAL CAPITAL ASSETS

The following is a summary of governmental capital asset activity for the year ended June 30, 2020 (expressed in thousands):

Capital Assets	July 1, 2019*	Additions	Deletions/ Adjustments	June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 2,817,239	\$ 195,791	\$ (116,936)	\$ 2,896,094
Transportation infrastructure	25,497,631	602,749	—	26,100,380
Intangible assets - indefinite lives	34,567	2,823	(227)	37,163
Art collections, library reserves, and museum and historical collections	152,057	1,768	(51)	153,774
Construction in progress	946,484	795,155	(210,541)	1,531,098
Total Capital Assets, Not Being Depreciated	29,447,978			30,718,509
Capital Assets, Being Depreciated:				
Buildings	15,169,333	256,889	(15,480)	15,410,742
Accumulated depreciation	(6,399,846)	(397,325)	12,286	(6,784,885)
Net buildings	8,769,487			8,625,857
Other improvements	1,638,058	17,125	(615)	1,654,568
Accumulated depreciation	(896,588)	(41,948)	430	(938,106)
Net other improvements	741,470			716,462
Furnishings, equipment, and intangible assets	6,030,673	293,787	(159,660)	6,164,800
Accumulated depreciation	(3,821,797)	(321,938)	146,363	(3,997,372)
Net furnishings, equipment, and intangible assets	2,208,876			2,167,428
Infrastructure	1,289,582	28,378	—	1,317,960
Accumulated depreciation	(676,497)	(40,954)	—	(717,451)
Net infrastructure	613,085			600,509
Total Capital Assets, Being Depreciated, Net	12,332,918			12,110,256
Governmental Activities Capital Assets, Net	\$ 41,780,896			\$ 42,828,765

* The beginning balances reflect prior period adjustments to reclassify the Health Insurance Fund from governmental-type to business-type, which resulted in a decrease in capital assets of \$579 thousand and a decrease in accumulated depreciation of \$324 thousand.

B. BUSINESS-TYPE CAPITAL ASSETS

The following is a summary of business-type capital asset activity for the year ended June 30, 2020 (expressed in thousands):

Capital Assets	Balances July 1, 2019*	Additions	Deletions/ Adjustments	June 30, 2020
Capital Assets, Not Being Depreciated:				
Land	\$ 73,881	\$ 5,997	\$ (5,477)	\$ 74,401
Intangible assets - indefinite lives	4,580	—	—	4,580
Art collections	40	—	—	40
Construction in progress	231,331	189,195	(171,156)	249,370
Total Capital Assets, Not Being Depreciated	309,832			328,391
Capital Assets, Being Depreciated:				
Buildings	4,427,780	171,935	(5,948)	4,593,767
Accumulated depreciation	(1,567,635)	(142,439)	4,340	(1,705,734)
Net buildings	2,860,145			2,888,033
Other improvements	122,480	2,202	(203)	124,479
Accumulated depreciation	(66,002)	(5,500)	232	(71,270)
Net other improvements	56,478			53,209
Furnishings, equipment, and intangible assets	961,640	40,201	(118,829)	883,012
Accumulated depreciation	(798,805)	(73,039)	121,564	(750,280)
Net furnishings, equipment, and intangible assets	162,835			132,732
Infrastructure	59,411	6,553	(6,211)	59,753
Accumulated depreciation	(32,947)	(1,684)	354	(34,277)
Net infrastructure	26,464			25,476
Total Capital Assets, Being Depreciated, Net	3,105,922			3,099,450
Business-Type Activities Capital Assets, Net	\$ 3,415,754			\$ 3,427,841

* The beginning balances reflect prior period adjustments to reclassify the Health Insurance Fund from governmental-type to business-type, which resulted in an increase in capital assets of \$579 thousand and an increase in accumulated depreciation of \$324 thousand. In addition, as part of the integration of Northwest Hospital and UW Medical Center, an adjustment was made to reclassify capital assets of \$48.9 million and associated accumulated depreciation of \$36.9 million from Furnishings and Equipment to Buildings. There was no impact to the total net capital assets.

C. DEPRECIATION

Depreciation expense for the year ended June 30, 2020, was charged by the primary government as follows (expressed in thousands):

	Amount
Governmental Activities:	
General government	\$ 99,498
Education - elementary and secondary (K-12)	3,881
Education - higher education	444,395
Human services	52,106
Adult corrections	41,973
Natural resources and recreation	43,124
Transportation	117,188
Total Depreciation Expense - Governmental Activities *	\$ 802,165
Business-Type Activities:	
Workers' compensation	\$ 7,508
Unemployment compensation	—
Higher education student services	212,351
Other	2,803
Total Depreciation Expense - Business-Type Activities	\$ 222,662

* Includes \$102.3 million internal service fund depreciation that was allocated to governmental activities as a component of net internal service fund activity.

D. CONSTRUCTION IN PROGRESS

Major construction commitments of the state at June 30, 2020, are as follows (expressed in thousands):

Continued

Agency / Project Commitments	Construction In Progress June 30, 2020	Remaining Project Commitments
Office of the Secretary of State:		
Library-Archives building	\$ 1,077	\$ 107,052
Department of Enterprise Services:		
East Plaza water infiltration and elevator, Capitol Campus Childcare Center, and other projects	17,972	10,893
Washington State Patrol:		
Fire Training Academy aircraft rescue repairs, and Burn Building	1,886	10,011
High Throughput DNA Laboratory, crime lab renovation, and other projects	877	1,375
Department of Labor and Industries:		
Division of Occupational Safety and Health Lab, and other projects	2,214	54,145
Military Department:		
Thurston County Readiness Center, and other projects	24,879	17,540
Department of Social and Health Services:		
Residential, rehabilitation, and other facilities	38,603	73,152
State hospitals / treatment centers	78,746	162,650
Department of Corrections:		
Correctional center units security and safety improvements	9,597	32,531
Other projects	4,517	18,705
Department of Transportation:		
State ferry vessels and terminals, and other projects	534,778	172,290
Transportation infrastructure	—	250,771
Department of Fish and Wildlife:		
Soos Creek, Clarks Creek, and Kalama hatcheries, Fir Island Farm, Deschutes Watershed, and other projects	87,252	147,402
Employment Security Department:		
Family and Medical Leave system	51,811	6,431
University of Washington:		
Health and Sciences Center, Kincaid Hall, Parrington Hall, and Population Health renovation, Harborview Research and Training Building restoration, Behavioral Health Teaching Facility, Founders Hall, Tacoma soils remediation and other projects.	294,945	136,678
North campus student housing - Oak Hall and Denny Field, and Stevens Court	53,347	16,745
Parking restrip - Seattle campus master plan, Bothell corporation yard, and other athletic projects	4,580	1,837
UW Medical Center expansion, upgrades, and renovation projects	82,180	18,304
Washington State University:		
Baseball clubhouse - Bailey-Brayton Field Clubhouse	6,284	4,353
Chief Joseph building, Stephenson East and South, and other housing projects	2,643	709
Modernization initiative, and miscellaneous projects	16,539	19,256
Plant Science, Global Animal Health, Tri Cities academic, and other facility projects	111,791	60,485

Concluded

Agency / Project Commitments	Construction In Progress June 30, 2020	Remaining Project Commitments
Eastern Washington University:		
EWU Science Center, Engineering Building, and other projects	\$ 57,351	\$ 191,030
Central Washington University:		
Health Science Building, and other projects	27,382	—
The Evergreen State College:		
Miscellaneous capital projects	11,146	15,928
Western Washington University:		
Engineering & Computer Science Building, and other projects	1,685	67,793
New residence hall	17,268	49,527
Science building renovation	10,003	58,252
Community and Technical Colleges:		
Bates Medical Mile Health Science Center	9,137	—
Big Bend Professional Technical building	49,019	2,983
Cascadia parking garage	24,964	5,261
Edmonds Science, Technology, Engineering, Math (STEM) building	47,087	6,623
Pierce College Cascade building renovation	—	35,701
Seattle South Automotive Technology building renovation	4,563	13,253
Spokane main building renovation	26,981	—
SPSCC Health and Wellness Center	15,298	—
Yakima West Campus Expansion	13,778	9,655
Other miscellaneous community college projects	32,973	24,845
Other Agency Projects:	5,315	32,060
Total Construction in Progress	\$ 1,780,468	\$ 1,836,226

Note 7

Long-Term Liabilities

A. BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2020, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state Constitution and enabling statutes authorize the incurrence of state general obligation debt, to which the state's full faith, credit, and taxing power are pledged, either by the Legislature or by a body designated by statute (presently the State Finance Committee).

Authorization arises in the following situations:

- From an affirmative vote of 60 percent of the members of each house of the Legislature without voter approval, in which case the amount of such debt is generally subject to the constitutional debt limitation described below.
- When authorized by law for a distinct work or object and approved by a majority of the voters voting thereon at a general election or a special election called for that purpose, in which case the amount of the debt so approved is not subject to the constitutional debt limitations described below.
- By the State Finance Committee without limitation as to amount, and without approval of the Legislature or approval of the voters.

The State Finance Committee debt authorization does not require voter approval; however, it is limited to providing for: (1) meeting temporary deficiencies of the state treasury if such debt is discharged within 12 months of the date of incurrence and is incurred only to provide for appropriations already made by the Legislature; or (2) refunding of outstanding obligations of the state.

Legal Debt Limitation

The state Constitution limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations. In November 2012, voters passed a constitutional amendment specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues; this percentage currently stands at 8.25 percent and will decline to 8.00 percent by July 1, 2034. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. The state Constitution requires the State Treasurer to certify the debt service

limitation for each fiscal year. In accordance with these provisions, the debt service limitation for fiscal year 2020 is \$1.60 billion.

This computation excludes specific bond issues and types that are not secured by general state revenues. Of the \$19.79 billion general obligation bond debt principal outstanding at June 30, 2020, \$11.96 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2020, did not exceed the authorized debt service limitation.

For further information on the debt limit, refer to the Report on the State of Washington's Debt Limitation available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2020-for-the-web.pdf> or to Schedule 11 in the Statistical Section of this report.

Authorized But Unissued

The state had a total of \$13.83 billion in general obligation bonds authorized but unissued as of June 30, 2020, for the purpose of capital construction, higher education, transportation, and various other projects throughout the state.

Interest Rates

Interest rates on fixed rate general obligation bonds range from 1.00 to 6.03 percent. Interest rates on revenue bonds range from 1.31 to 8.00 percent.

Debt Service Requirements to Maturity

General Obligations Bonds

General obligation bonds have been authorized and issued primarily to provide funds for the following purposes:

- Acquisition and construction of state and common school capital facilities.
- Transportation construction and improvement projects.
- Assistance to local governments for public works capital projects.
- Refunding of general obligation bonds outstanding.

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, phone number (360) 902-9000 or TTY 711, or by visiting their website at <http://www.tre.wa.gov/about-us/resources/annual-reports>.

Total debt service requirements to maturity for general obligation bonds as of June 30, 2020, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2021	\$ 994,235	\$ 979,928	\$ —	\$ —	\$ 994,235	\$ 979,928
2022	1,027,422	923,382	—	—	1,027,422	923,382
2023	1,037,652	878,245	—	—	1,037,652	878,245
2024	1,053,959	832,682	—	—	1,053,959	832,682
2025	1,052,320	784,749	—	—	1,052,320	784,749
2026-2030	5,276,263	3,200,819	—	—	5,276,263	3,200,819
2031-2035	4,560,270	1,743,622	—	—	4,560,270	1,743,622
2036-2040	3,369,485	791,813	—	—	3,369,485	791,813
2041-2045	1,422,051	142,116	—	—	1,422,051	142,116
Total Debt Service Requirements	\$ 19,793,657	\$ 10,277,356	\$ —	\$ —	\$ 19,793,657	\$ 10,277,356

Revenue Bonds

Revenue bonds are authorized under current state statutes, which provide for the issuance of bonds that are not supported or not intended to be supported, by the full faith and credit of the state.

indirect cost recovery, sales and services revenue, and investment income. General revenue bonds outstanding as of June 30, 2020, include \$925.9 million in governmental activities and \$1.80 billion in business-type activities.

General Revenue

The University of Washington and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant

Pledged Revenue

The remainder of the state's revenue bonds pledge income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

Total debt service requirements for revenue bonds to maturity as of June 30, 2020, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2021	\$ 140,400	\$ 90,730	\$ 133,618	\$ 102,585	\$ 274,018	\$ 193,315
2022	152,630	84,060	80,989	99,002	233,619	183,062
2023	159,736	77,436	81,652	97,223	241,388	174,659
2024	160,892	69,549	81,039	93,394	241,931	162,943
2025	146,325	61,531	83,321	89,432	229,646	150,963
2026-2030	275,087	258,832	436,334	385,415	711,421	644,247
2031-2035	335,696	187,267	434,007	283,246	769,703	470,513
2036-2040	295,354	112,080	460,434	179,248	755,788	291,328
2041-2045	197,744	58,685	352,989	76,883	550,733	135,568
2046-2050	147,015	26,854	90,803	23,027	237,818	49,881
2051-2055	22,063	1,728	—	—	22,063	1,728
Total Debt Service Requirements	\$ 2,032,942	\$ 1,028,752	\$ 2,235,186	\$ 1,429,455	\$ 4,268,128	\$ 2,458,207

Governmental activities include revenue bonds outstanding at June 30, 2020, of \$124.0 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. In November 2002, the TSA issued \$517.9 million in bonds and transferred \$450.0 million to the state to be used for increased health care, long-term care, and other programs.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are obligations of the TSA and are secured solely by the TSA's right to receive 29.2 percent of the state's tobacco settlement revenues, restricted investments of the TSA, undistributed TSA bond proceeds, and the earnings thereon held under the indenture authorizing the bonds. Total principal and interest remaining on the bonds is \$158.6 million, payable through 2033. For the current year, both pledged revenue and debt service were \$35.3 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2020, of \$440.7 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the cost of constructing the State Route 520 Floating Bridge and Eastside Project.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are payable solely from Federal-Aid Highway Program funds, including federal reimbursements of debt service on the bonds and federal reimbursements to the state for projects or portions of projects not financed with bond proceeds. Total principal and interest remaining on the bonds is \$497.6 million, payable through 2024. For the current year, both pledged revenue and debt service were \$99.8 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2020, of \$290.5 million. The bonds were issued to finance a portion of the State Route 520 Corridor Program.

The TIFIA Bond is payable solely from toll revenues and does not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of this bond. Total principal and interest remaining on the bond is \$504.3 million, payable through 2051. For the current year both pledged revenue and debt service were \$12.7 million.

Governmental activities include revenue bonds outstanding at June 30, 2020, of \$33.4 million issued by TOP, which is a blended component unit of the state. The bonds, issued in 2004, are payable solely from the

trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Tumwater, Washington which the state occupied beginning in fiscal year 2006.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$41.0 million, payable through 2029. For the current year, both pledged revenue and debt service were \$4.0 million.

Governmental activities include revenue bonds outstanding at June 30, 2020, of \$218.0 million issued by FYI Properties, a blended component unit of the state. The bonds, issued in 2009, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Olympia, Washington which the state occupied beginning in fiscal year 2012.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$342.0 million, payable through 2039. For the current year, both pledged revenue and debt service were \$18.1 million.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2020, of \$515 thousand issued by the City of Aberdeen. The bonds were used to extend utilities to the state Department of Corrections Stafford Creek Corrections Center. The Department of Corrections entered into an agreement with the City of Aberdeen to pay a system development fee sufficient to pay the debt service on the bonds. The bonds were issued in 1998 and 2002, and refunded by the city in 2010, and are payable solely from current operating appropriations.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on these bonds is \$566 thousand payable through 2022. For the current year, both pledged revenue and debt service were \$188 thousand.

The state's colleges and universities may issue bonds for the purpose of housing, dining, parking, and student facilities construction. These bonds are reported within business-type activities and are secured by a pledge of specific revenues. These bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds.

The state colleges and universities may also enter into financing agreements, not offered for public sale, directly with investors or lenders.

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2020, are as follows (expressed in thousands):

Source of Revenue Pledged	Housing and Dining Revenues (Net of Operating Expenses)	Student Facilities Fees and Earnings on Invested Fees	Bookstore Revenues
Current revenue pledged *	\$ 38,644	\$ 13,747	\$ 9
Current year debt service	22,660	7,386	202
Total future revenues pledged **	473,481	85,620	2,831
Description of debt	Housing and dining bonds issued in 1998-2019	Student facilities bonds issued in 2002-2015	Bookstore bonds issued in 2013
Purpose of debt	Construction and renovation of student housing and dining facilities	Construction and renovation of student activity and sports facilities	Construction of a new bookstore as part of a new student union and recreation building
Term of commitment	2026-2049	2034-2039	2034
Percentage of debt service to pledged revenues (current year)	58.64 %	53.73 %	2,275.82 %

*Bookstore revenue significantly decreased in fiscal year 2020 as a result of COVID-19, resulting in less pledged revenue.

** Total future principal and interest payments.

B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2020, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

Current state law authorizes the state to enter into long-term financing contracts for the acquisition of real or personal property and for the issuance of certificates of participation in the contracts. These certificates of

participation do not fall under the general obligation debt limitations and are generally payable only from annual appropriations by the Legislature.

Other specific provisions could also affect the state's obligation under certain agreements. The certificates of participation are recorded for financial reporting purposes if the possibility of the state not meeting the terms of the agreements is considered remote.

Total debt service requirements for certificates of participation to maturity as of June 30, 2020, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2021	\$ 160,205	\$ 52,275	\$ 7,276	\$ 2,374	\$ 167,481	\$ 54,649
2022	65,695	24,548	17,073	6,379	82,768	30,927
2023	56,829	21,362	14,768	5,552	71,597	26,914
2024	43,972	18,604	11,427	4,835	55,399	23,439
2025	39,031	16,521	10,143	4,293	49,174	20,814
2026-2030	158,194	57,320	41,110	14,896	199,304	72,216
2031-2035	93,783	29,044	24,372	7,548	118,155	36,592
2036-2040	60,466	9,940	15,714	2,583	76,180	12,523
2041-2045	13,585	1,521	3,530	395	17,115	1,916
Total Debt Service Requirements	\$ 691,760	\$ 231,135	\$ 145,413	\$ 48,855	\$ 837,173	\$ 279,990

C. DEBT REFUNDINGS

When advantageous and permitted by statute and bond covenants, the State Finance Committee authorizes the refunding of outstanding bonds and certificates of participation. Colleges and universities may also refund revenue bonds.

When the state refunds outstanding bonds, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds.

As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.

Current Year Defeasances

Bonds

Governmental Activities

On October 4, 2019, the state issued \$91.4 million in various purpose general obligation refunding bonds with an average interest rate of 5 percent to refund \$101.7 million of various purpose general obligation bonds with an average interest rate of 5 percent. The refunding resulted in \$13.6 million gross debt service savings over the next 6 years and an economic gain of \$13.0 million.

Also on October 4, 2019, the state issued \$53.1 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.85 percent to refund \$58.8 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 5 percent. The refunding resulted in \$7.8 million gross debt service savings over the next 6 years and an economic gain of \$7.5 million.

On April 29, 2020, the state issued \$222.0 million in various purpose general obligation refunding bonds with an average interest rate of 5 percent to refund \$248.4 million of various purpose general obligation bonds with an average interest rate of 4.58 percent. The refunding resulted in \$30.0 million gross debt service savings over the next 7 years and an economic gain of \$29.3 million.

Also on April 29, 2020, the state issued \$188.7 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.99 percent to refund \$209.7 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.37 percent. The refunding resulted in \$20.5 million gross debt service savings over the next 7 years and an economic gain of \$20.5 million.

On July 16, 2019, the Washington State University issued \$65.0 million in general revenue refunding bonds with an average interest rate of 5 percent to refund \$79.0 million of general revenue bonds for the veterinarian medical research building with an average interest rate of 5 percent. The refunding resulted in \$1.1 million gross debt service savings over the next 15 years and an economic gain of \$12.6 million.

Certificates of Participation (COPs)

On October 15, 2019, the state issued \$37.8 million in refunding certificates of participation with an average interest rate of 5 percent to refund \$44.3 million of certificates of participation with an average interest rate of 4.47 percent. The refunding resulted in a \$7.5 million gross debt service savings over the next 11 years and a net present value savings of \$6.9 million.

Prior Year Defeasances

In prior years, the state defeased certain general obligation bonds, revenue bonds, and certificates of participation by placing the proceeds of new bonds and certificates of participation in an irrevocable trust to provide for all future debt service payments on the prior bonds and certificates of participation.

Accordingly, the trust account assets and the liability for the defeased bonds and certificates of participation are not included in the state's financial statements.

General Obligation Bond Debt

On June 30, 2020, \$1.15 billion of general obligation bond debt outstanding is considered defeased.

D. LEASES

Leases at June 30, 2020, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state leases land, office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease.

Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

Land, buildings, and equipment under capital leases as of June 30, 2020, include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 6,314	\$ 4,512
Equipment	5,377	11,419
Less: Accumulated Depreciation	(3,439)	(12,154)
Totals	\$ 8,252	\$ 3,777

The following schedule presents future minimum payments for capital and operating leases as of June 30, 2020, (expressed in thousands):

Capital and Operating Leases	Capital Leases		Operating Leases	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
By Fiscal Year:				
2021	\$ 844	\$ 1,962	\$ 231,270	\$ 54,362
2022	840	1,785	188,427	48,623
2023	801	1,046	149,089	44,678
2024	318	—	120,194	31,466
2025	993	—	101,811	29,909
2026-2030	1,204	—	224,237	82,105
2031-2035	1,497	—	37,198	82,578
2036-2040	2,010	—	20,244	95,387
2041-2045	—	—	11,040	110,422
2046-2050	—	—	1,114	127,835
Total Future Minimum Payments	8,507	4,793	1,084,624	707,365
Less: Executory Costs and Interest Costs	(62)	(181)	—	—
Net Present Value of Future Minimum Lease Payments	\$ 8,445	\$ 4,612	\$ 1,084,624	\$ 707,365

The total operating lease rental expense for fiscal year 2020 for governmental activities was \$425.0 million, of which \$18 thousand was for contingent rentals. The total operating lease rental expense for fiscal year 2020 for business-type activities was \$63.0 million.

E. CLAIMS AND JUDGMENTS

Claims and judgments are materially related to three activities: workers' compensation, risk management, and health insurance. Workers' compensation and health insurance are business-type activities, and risk management and is a governmental activity. A description of the risks to which the state is exposed by these activities and the ways in which the state handles the risks are presented in Note 1.E.

Workers' Compensation

At June 30, 2020, \$42.63 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$32.79 billion. These claims are discounted at assumed interest rates of 1.0 percent (non-pension and cost of living adjustments), 5.9

percent for all self-insured pension annuities and state fund pension annuities, and 4.5 percent for state fund pension annuities to arrive at a settlement value.

The claims and claim adjustment liabilities of \$32.79 billion as of June 30, 2020, include \$18.06 billion for supplemental pension cost of living adjustments (COLAs) that by statute are not to be fully funded. These COLA payments are funded on a pay-as-you-go basis, and the workers' compensation actuaries have indicated that future premium payments will be sufficient to pay these claims as they come due.

The remaining claims liabilities of \$14.74 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2019 and 2020 were as follows (expressed in thousands):

Workers' Compensation Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2019	\$ 27,774,303	3,764,150	(2,371,634)	\$ 29,166,819
2020	\$ 29,166,819	6,092,143	(2,465,821)	\$ 32,793,141

Risk Management

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except the University of Washington and the Department of Transportation Ferries Division. The fund reports a tort liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for tort claims that have been incurred but not reported. It also includes an actuarial estimate of loss adjustment expenses for tort defense.

Because actual liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the actuarial estimates. Liabilities are re-evaluated annually to

take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The state is a defendant in a significant number of lawsuits pertaining to general and automobile liability matters.

As of June 30, 2020, outstanding and actuarially determined claims against the state and its agencies, with the exception of the University of Washington and the Department of Transportation Ferries Division, including actuarially projected defense costs were \$1.19 billion for which the state has recorded a liability. The state is restricted by law from accumulating funds in the Self Insurance Liability Program in excess of 50 percent of total outstanding and actuarially determined liabilities.

Changes in the balances of risk management claims liabilities during fiscal years 2019 and 2020 were as follows (expressed in thousands):

Risk Management Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Tort Defense Payments	Balances End of Fiscal Year
2019	\$ 614,912	329,536	(270,742)	(24,611)	\$ 649,095
2020	\$ 649,095	1,249,286	(677,990)	(26,313)	\$ 1,194,078

Health Insurance

The Health Insurance Fund establishes a liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Because actual claims liabilities depend on various complex factors, the process used in computing claims liabilities does not always result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

At June 30, 2020, health insurance claims liabilities totaling \$147.1 million are fully funded with cash and investments, net of obligations under securities lending agreements.

Changes in the balances of health insurance claims liabilities during fiscal years 2019 and 2020 were as follows (expressed in thousands):

Health Insurance Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2019	\$ 92,379	1,278,043	(1,265,576)	\$ 104,846
2020	\$ 104,846	1,517,345	(1,475,083)	\$ 147,108

F. POLLUTION REMEDIATION

The state reports pollution remediation obligations in accordance with GASB Statement No. 49. The liability reported involves estimates of financial responsibility and amounts recoverable as well as remediation costs.

The liability could change over time as new information becomes available and as a result of changes in remediation costs, technology, and regulations governing remediation efforts. Additionally, the responsibilities and liabilities discussed in this disclosure are intended to refer to obligations solely in the accounting context. This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

The state and its agencies are participating as potentially responsible parties in numerous pollution remediation projects under the provisions of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, generally referred to as Superfund) and the state Model Toxics Control Act.

There are 18 projects in progress for which the state has recorded a liability of \$62.4 million.

The state has also voluntarily agreed to conduct certain remediation activities to the extent of funding paid to the state by third parties for such purposes. At June 30, 2020, the state has recorded a liability of \$113.5 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$175.9 million, measured at its estimated amount, using the expected cash flow technique. The overall estimate is based on professional judgment, experience, and historical cost data. For some projects, the state can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the state has experience. In other cases, the estimates are limited to an amount specified in a settlement agreement, consent decree, or contract for remediation services.

The pollution remediation activity at some sites for which the state would otherwise have a reportable obligation is at a point where certain costs are not reasonably estimable. For example, a site assessment, remedial investigation, or feasibility study is in progress and the cleanup methodology has not yet been determined; consequently, associated future costs cannot be estimated.

The state's reported liability does not include remediation costs for future activities where costs are not yet reasonably estimable.

G. ASSET RETIREMENT OBLIGATIONS

The state reports asset retirement obligations in accordance with GASB Statement No. 83. The liability reported is based on the best estimate, using all available evidence, of the current value of outlays expected to be incurred.

The state and its agencies have identified several legally enforceable liabilities associated with the retirement of a tangible capital asset due to requirements included in state laws and contracts. The types of assets include nuclear radiation plants, communication towers, and medical equipment such as cyclotrons, magnetic resonance imaging machines, and tandem accelerators. The estimated remaining useful lives of the tangible capital assets range from 1-15 years.

The state has recorded an asset retirement obligation of \$27.9 million, measured at its current value. The overall estimate is based on professional judgment, experience, and historical cost data.

The liability could change over time as new information becomes available as a result of changes in technology, legal or regulatory requirements, and types of equipment, facilities or services that will be used to meet the obligation to retire the tangible capital asset. Additionally, the responsibilities and liabilities discussed in this disclosure are referenced solely in the accounting context for purposes of this disclosure.

This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

Some tangible capital assets have been identified as having a legally enforceable liability associated with the retirement of a tangible capital asset, but the liability is not yet reasonably estimable. Some examples include dams, sewer lagoons, waste ponds, and state owned communication towers. Estimates are not currently available as the state has no past experience decommissioning these types of assets, or the assets are maintained indefinitely so an estimated remaining useful life is unknown. Once the liability is reasonably estimable, the state will record a liability for the obligation.

H. LONG-TERM LIABILITY ACTIVITY

Long-term liability activity at June 30, 2020, is reported by the state of Washington within governmental activities and business-type activities, as applicable. Long-term liability activity for governmental activities for fiscal year 2020 is as follows (expressed in thousands):

Governmental Activities:	Beginning Balance July 1, 2019*	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
Long-Term Debt:					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 19,025,300	\$ 2,093,660	\$ 1,583,610	\$ 19,535,350	\$ 955,710
GO - zero coupon bonds (principal)	307,329	—	49,022	258,307	38,525
Subtotal - GO bonds payable	19,332,629	2,093,660	1,632,632	19,793,657	994,235
Accreted interest - GO - zero coupon bonds	401,153	—	41,860	359,293	62,940
Revenue bonds payable	2,188,497	76,316	231,871	2,032,942	140,400
Plus: Unamortized premiums on bonds sold	1,797,930	495,822	161,862	2,131,890	—
Total Bonds Payable	23,720,209	2,665,798	2,068,225	24,317,782	1,197,575
Other Liabilities:					
Certificates of participation	733,077	92,251	133,568	691,760	160,205
Plus: Unamortized premiums on COPs sold	19,689	5,674	7,441	17,922	—
Claims and judgments payable	983,089	615,381	58,706	1,539,764	361,728
Installment contracts	1,317	—	137	1,180	137
Leases	8,829	722	1,106	8,445	813
Compensated absences	699,257	529,137	440,468	787,926	126,314
Net pension liability	3,331,088	1,839,982	2,190,120	2,980,950	14,306
Total OPEB liability	4,448,980	551,924	(64,278)	5,065,182	87,339
Pollution remediation obligations	132,838	51,639	8,625	175,852	—
Unclaimed property refunds	250,169	2,286	45	252,410	6,647
Asset retirement obligations	25,168	2,771	—	27,939	—
Other	359,944	96,112	82,132	373,924	25,021
Total Other Liabilities	10,993,445	3,787,879	2,858,070	11,923,254	782,510
Total Long-Term Debt	\$ 34,713,654	\$ 6,453,677	\$ 4,926,295	\$ 36,241,036	\$ 1,980,085

* Beginning balances have been restated for claims and judgments payable by \$105.8 million, compensated absences by \$558 thousand, net pension liability by \$2.3 million, and OPEB liability by \$4.6 million as a result of the Health Insurance Fund being reclassified from an internal service fund to an enterprise fund.

For governmental activities, certificates of participation are being repaid approximately 20 percent from the General Fund, 59 percent from the Higher Education Special Revenue Fund, and the balance from various governmental funds. The compensated absences liability will be liquidated approximately 46 percent by the General Fund, 33 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The claims and judgments liability will be liquidated approximately 78 percent by the Risk Management Fund (a nonmajor internal service fund), and the balance by various other governmental funds. The other post employment benefits liability will be liquidated approximately 43 percent by the General Fund, 27 percent by the Higher Education Special Revenue

Fund, and the balance by various other governmental funds. The net pension liability will be liquidated approximately 48 percent by the General Fund, 33 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 79 percent by the Wildlife and Natural Resources Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against future unclaimed property deposited to the General Fund. Leases, installment contract obligations, and other liabilities will be repaid from various other governmental funds.

Long-term liability activity for business-type activities for fiscal year 2020 is as follows (expressed in thousands):

Business-Type Activities	Beginning Balance July 1, 2019*	Additions	Reductions	Ending Balance June 30, 2020	Amounts Due Within One Year
Long-Term Debt:					
Revenue bonds payable	\$ 2,136,603	\$ 178,355	\$ 79,772	\$ 2,235,186	\$ 133,618
Plus: Unamortized premiums on bonds sold	180,231	16,410	16,863	179,778	—
Total Bonds Payable	2,316,834	194,765	96,635	2,414,964	133,618
Other Liabilities:					
Certificates of participation	152,095	—	6,682	145,413	7,276
Plus: Unamortized premiums on COPs sold	21,058	265	1,389	19,934	—
Claims and judgments payable	29,290,870	4,262,627	566,305	32,987,192	2,407,605
Installment contracts	61,715	4,699	(9,757)	76,171	4,462
Lottery prize annuities payable	121,253	36,146	31,585	125,814	15,138
Tuition benefits payable	1,106,000	139,951	60,951	1,185,000	87,999
Leases	6,747	470	2,605	4,612	1,848
Compensated absences	92,285	67,194	36,445	123,034	77,702
Net pension liability	400,184	243,375	285,647	357,912	766
Total OPEB liability	626,177	96,114	(12,269)	734,560	12,666
Other	97,317	37,643	20,791	114,169	9,750
Total Other Liabilities	31,975,701	4,888,484	990,374	35,873,811	2,625,212
Total Long-Term Debt	\$ 34,292,535	\$ 5,083,249	\$ 1,087,009	\$ 38,288,775	\$ 2,758,830

* Beginning balances have been restated for claims and judgments payable by \$105.8 million, compensated absences by \$558 thousand, net pension liability by \$2.3 million, and OPEB liability by \$4.6 million as a result of the Health Insurance Fund being reclassified from an internal service fund to an enterprise fund.

Note 8

No Commitment Debt

The Washington State Housing Finance Commission, Washington Higher Education Facilities Authority, Washington Health Care Facilities Authority, and Washington Economic Development Finance Authority (financing authorities) were created by the Legislature. For financial reporting purposes, they are discretely presented as component units. These financing authorities issue bonds and other debt for the purpose of

making loans to qualified borrowers for capital acquisitions, construction, and related improvements.

The debt does not constitute either a legal or moral obligation of the state or these financing authorities, nor does the state or these financing authorities pledge their full faith and credit for the payment of such debt.

Debt service is payable solely from payments made by the borrowers pursuant to loan agreements. Due to their no commitment nature, the debt issued by these financing authorities is excluded from the state's financial statements.

The schedule below presents the June 30, 2020, balances for the "No Commitment" debt of the state's financing authorities (expressed in thousands):

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	\$ 6,721,888
Washington Health Care Facilities Authority	5,464,508
Washington Higher Education Facilities Authority	703,014
Washington Economic Development Finance Authority	653,906
Total No Commitment Debt	\$ 13,543,316

Note 9

Governmental Fund Balances

A. GOVERNMENTAL FUNDS

The state's governmental fund balances are reported according to the relative constraints that control how amounts can be spent. Classifications include nonspendable, restricted, committed, and assigned, which are further described in Note 1.D.9.

A summary of governmental fund balances at June 30, 2020, is as follows (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent funds	\$ —	\$ —	\$ 2,885,769	\$ 228,242	\$ 3,114,011
Consumable inventories and prepaids	17,382	33,031	—	48,843	99,256
Other receivables – long-term	35,025	—	—	—	35,025
Total Nonspendable Fund Balance	\$ 52,407	\$ 33,031	\$ 2,885,769	\$ 277,085	\$ 3,248,292
Restricted for: *					
Higher education	\$ —	\$ 76,128	\$ 1,541,897	\$ —	\$ 1,618,025
Education	—	—	6,226	57,121	63,347
Transportation	—	—	—	729,622	729,622
Other purposes	—	—	—	3,646	3,646
Human services	—	—	—	629,173	629,173
Wildlife and natural resources	3,097	—	1	1,186,244	1,189,342
Local grants and loans	46,959	—	—	111	47,070
School construction	1,163	—	—	102,992	104,155
State facilities	—	—	—	62,877	62,877
Budget stabilization	1,682,883	—	—	—	1,682,883
Debt service	—	—	—	52,457	52,457
Pollution remediation	—	—	—	59,982	59,982
Operations and maintenance	—	—	—	11,856	11,856
Repair and replacement	—	—	—	21,684	21,684
Revenue stabilization	—	—	—	17,805	17,805
Deferred sales tax	—	—	—	4,500	4,500
Third tier debt service	—	—	—	7,482	7,482
Fourth tier debt service	—	—	—	1,985	1,985
Total Restricted Fund Balance	\$ 1,734,102	\$ 76,128	\$ 1,548,124	\$ 2,949,537	\$ 6,307,891
Committed for:					
Higher education	\$ 191,982	\$ 3,800,084	\$ —	\$ 52,691	\$ 4,044,757
Education	469	—	—	5,193	5,662
Transportation	—	—	—	308,631	308,631
Other purposes	291,273	—	—	462,812	754,085
Human services	61,438	—	—	910,981	972,419
Wildlife and natural resources	35,854	—	—	548,111	583,965
Local grants and loans	17,756	—	—	764,445	782,201
State facilities	—	—	—	22,604	22,604
Debt service	—	—	—	347,610	347,610
Total Committed Fund Balance	\$ 598,772	\$ 3,800,084	\$ —	\$ 3,423,078	\$ 7,821,934
Assigned for:					
Working capital	\$ 1,740,952	\$ 92,631	\$ —	\$ —	\$ 1,833,583
Total Assigned Fund Balance	\$ 1,740,952	\$ 92,631	\$ —	\$ —	\$ 1,833,583

*Net position restricted as a result of enabling legislation totaled \$10.1 million.

B. BUDGET STABILIZATION ACCOUNT

In accordance with Article 7, Section 12 of the Washington state Constitution, the state maintains the Budget Stabilization Account (“Rainy Day Fund”). The Budget Stabilization Account is reported in the General Fund.

By June 30 of each fiscal year, an amount equal to 1 percent of the general state revenues for that fiscal year is transferred to the Budget Stabilization Account.

The Budget Stabilization Account balance can only be used as follows: (a) if the Governor declares a state of emergency resulting from a catastrophic event that necessitates government action to protect life or public safety, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account, via separate legislation setting forth the nature of the emergency and containing an appropriation limited to the above-authorized purposes as contained in the declaration, by a favorable vote of a majority of the members elected to each house of the Legislature; (b) if the employment growth forecast for

any fiscal year is estimated to be less than 1 percent, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account by the favorable vote of a majority of the members elected to each house of the Legislature; (c) any amount may be withdrawn and appropriated from the Budget Stabilization Account at any time by the favorable vote of at least three-fifths of the members of each house of the Legislature.

When the balance in the Budget Stabilization Account, including investment earnings, equals more than 10 percent of the estimated general state revenues in that fiscal year, the Legislature by the favorable vote of a majority of the members elected to each house of the Legislature may withdraw and appropriate the balance to the extent that the balance exceeds 10 percent of the estimated general state revenues. These appropriations may be made solely for deposit to the Education Construction Fund.

At June 30, 2020, the Budget Stabilization Account had restricted fund balance of \$1.68 billion.

Note 10 Deficit Net Position

Data Processing Revolving Fund

The Data Processing Revolving Fund, an internal service fund, had a deficit net position of \$55.2 million at June 30, 2020. The Data Processing Revolving Fund is primarily used to account for and report activities such as data processing and communication services to other state agencies.

The Data Processing Revolving Fund is supported by user charges. Due to budgetary considerations, user rates are designed to cover cash outflows including debt service as opposed to the full cost of services which includes depreciation. Since the Data Processing Revolving Fund reports a debt-financed building, this funding approach has an impact on net position. Debt service allocates principal retirement on a straight-line basis. Depreciation on the fund’s building is componentized, which accelerates expense in the early years of the building’s life. As a result, the fund reports both an operating loss and a negative net investment in capital assets.

The following schedule details the change in net position for the Data Processing Revolving Fund during the fiscal year ended June 30, 2020 (expressed in thousands):

Data Processing Revolving Fund	Net Position
Balance, July 1, 2019	\$ (74,630)
Fiscal year 2020 activity	19,475
Balance, June 30, 2020	<u>\$ (55,155)</u>

Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$1.38 billion at June 30, 2020. The Risk Management Fund is used to administer the Self-Insurance Liability Program (SILP). The SILP was

initiated in 1990 and is intended to provide funds for the payment of all tort claims and defense expenses. The program investigates, processes, and adjudicates tort and sundry claims filed against Washington state agencies,

with the exception of the University of Washington and the Department of Transportation Ferries Division.

The Risk Management Fund is supported by premium assessments to state agencies. The state is restricted by

law from accumulating funds in the SILP in excess of 50 percent of total outstanding and actuarially determined claims. As a consequence, when outstanding and incurred but not reported claims are actuarially determined and accrued, the result is a deficit net position.

The following schedule details the change in net position for the Risk Management Fund during the fiscal year ended June 30, 2020 (expressed in thousands):

Risk Management Fund	Net Position
Balance, July 1, 2019	\$ (782,339)
Fiscal year 2020 activity	(600,952)
Balance, June 30, 2020	<u><u>\$ (1,383,291)</u></u>

Lottery Fund

The Lottery Fund, an enterprise fund, had a deficit net position of \$217 thousand at June 30, 2020. The Lottery Fund is primarily used to record lottery ticket revenues, and to account for activities such as administrative and operating expenses of the Lottery Commission and the distribution of revenues.

The Lottery Fund is supported by operating revenue which is comprised of sales from Draw and Scratch games, as well as administration fees charged to retailers. Operating expenses include cost of sales and administrative expenses.

The Lottery Fund is statutorily required to distribute the majority of its net income to fund education.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The following schedule details the change in net position for the Lottery Fund during the fiscal year ended June 30, 2020 (expressed in thousands):

Lottery Fund	Net Position
Balance, July 1, 2019	\$ (12,594)
Fiscal year 2020 activity	12,377
Balance, June 30, 2020	<u><u>\$ (217)</u></u>

Other Activities Fund

The Other Activities Fund, an enterprise fund, had a deficit net position of \$7.3 million at June 30, 2020. The Other Activities Fund is used to account for operation of the Pollution Liability Insurance Program, the Judicial Information System, the local Certificate of Participation (COP) financing program, the Local Government Audit Program, and the Secretary of State's Corporate Public Records Program.

The Other Activities Fund is supported by various operating revenues which are comprised of charges for services, and premiums and assessments. Operating

expenses include cost of goods and services, and administrative expenses.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The following schedule details the change in net position for the Other Activities Fund during the fiscal year ended June 30, 2020 (expressed in thousands):

Other Activities Fund	Net Position
Balance, July 1, 2019	\$ (3,647)
Fiscal year 2020 activity	(3,654)
Balance, June 30, 2020	<u>\$ (7,301)</u>

Note 11

Retirement Plans

A. GENERAL

Washington's pension plans were created by statutes rather than through trust documents. With the exception of the supplemental defined benefit component of the higher education retirement plan, they are administered in a way equivalent to pension trust arrangements as defined by the GASB.

In accordance with GASB Statement No. 68, the state has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems. Additionally, the state Legislature authorizes state agency participation in plans other than those administered by the state.

Basis of Accounting. Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans for the state as an employer, for fiscal year 2020 (expressed in thousands):

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 3,338,862
Pension assets	\$ (2,666,672)
Deferred outflows of resources on pensions	\$ 1,554,890
Deferred inflows of resources on pensions	\$ 1,849,041
Pension expense/expenditures	\$ 164,717

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

Department of Retirement Systems. As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/defined contribution plans as follows:

- Public Employees' Retirement System (PERS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution

- Teachers' Retirement System (TRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- School Employees' Retirement System (SERS)
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Public Safety Employees' Retirement System (PSERS)
 - Plan 2 - defined benefit
- Washington State Patrol Retirement System (WSPRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Judicial Retirement System (JRS)
 - Defined benefit plan
- Judges' Retirement Fund (JRF)
 - Defined benefit plan

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, SERS, LEOFF, PSERS, and WSPRS systems and plans is funded by an employer rate of 0.18 percent of employee salaries. Administration of the JRS and JRF plans is funded by means of legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of political subdivisions that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at <http://www.drs.wa.gov/administration/annual-report>.

State Board for Volunteer Fire Fighters and Reserve Officers. As established in chapter 41.24 RCW, the State Board for Volunteer Fire Fighters and Reserve Officers administers the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF), a defined benefit plan. Administration of the VFFRPF is funded through legislative appropriation.

Administrative Office of the Courts. As established in chapter 2.14 RCW, the Administrative Office of the Courts administers the Judicial Retirement Account (JRA), a defined contribution plan. Administration of JRA is funded through member fees.

Higher Education. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

The state has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan.

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

1. DRS Plans - Employer Disclosures

The state is not an employer in SERS Plan 2/3 nor LEOFF Plan 1.

Plan Descriptions

Public Employees' Retirement System. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college, and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined

benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Refer to Note 11.E for a description of the defined contribution component of PERS Plan 3.

Teachers' Retirement System. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3.

Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Refer to Note 11.E for a description of the defined contribution component of TRS Plan 3.

Law Enforcement Officers' and Fire Fighters'. The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, fire fighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included effective July 27, 2003, being an exception.

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

Public Safety Employees' Retirement System. The Public Safety Employees' Retirement System (PSERS) was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established in chapter 41.37 RCW and may be amended only by the Legislature. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections; Department of Natural Resources; Gambling Commission; Liquor and Cannabis Board; Parks and Recreation Commission; Washington State Patrol; Washington state counties; corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane; or

correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS is a cost-sharing, multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

Washington State Patrol Retirement System. The Washington State Patrol Retirement System (WSPRS) was established by the Legislature in 1947. WSPRS benefits are established in chapter 43.43 RCW and may be amended only by the Legislature. Any commissioned employee of the Washington State Patrol is eligible to participate.

WSPRS is a single-employer, defined benefit retirement system. WSPRS members who joined the system by December 31, 2002, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after January 1, 2003, are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

Effective June 7, 2012, those WSPRS members who have service credit within PERS Plan 2 have options to transfer their service credit earned as commercial vehicle enforcement officers or as communications officers into the WSPRS, provided the member pays the full actuarial cost of the transfer.

At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

For membership information refer to the table presented in Note 11.B.3.

Judicial Retirement System. The Judicial Retirement System (JRS) was established by the Legislature in 1971. The JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the Legislature. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

The JRS is a single-employer, defined benefit retirement system. There are no active members remaining in the Judicial Retirement System.

For membership information refer to the table presented in Note 11.B.3.

Judges' Retirement Fund. The Judges' Retirement Fund (JRF) was created by the Legislature on March 22, 1937, to provide retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. Judges' retirement benefit provisions are

established in chapter 2.12 RCW and may be amended only by the Legislature.

The JRF is a single-employer, defined benefit retirement system. There are currently no active members in this plan.

For membership information refer to the table presented in Note 11.B.3.

Benefits Provided

PERS. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 3 members have the option to retire early with reduced benefits.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

TRS. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

PERS and TRS Judicial Benefit Multiplier: The Judicial Benefit Multiplier (JBM) Program gave eligible justices and judges an option to increase the benefit multiplier used in their retirement benefit calculation for their judicial service periods of employment. Beginning January 1, 2007, any justice or judge who was in a judicial position at that time could choose to join JBM. Any justice or judge elected or appointed to

office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership they will be enrolled as a member of both PERS Plan 2 and JBM.

LEOFF. LEOFF plans provide retirement, disability, and death benefits to eligible members.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Years of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

A cost of living allowance (COLA) is granted based on the Consumer Price Index.

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. LEOFF members have the option to retire early with reduced benefits.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

PSERS. PSERS provides retirement, disability, and death benefits to eligible members.

PSERS members are vested after an employee completes five years of eligible service. PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service, or at age 53 with 20 years of service. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PSERS members have the option to retire early with reduced benefits.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

WSPRS. WSPRS plans provide retirement, disability, and death benefits to eligible members.

WSPRS members are vested after the completion of five years of eligible service. Active members are eligible for retirement at the age of 55 with no minimum required service credit, or at any age with 25 years of service credit, and must retire at age 65. This mandatory requirement does not apply to the Chief of the Washington State Patrol. Inactive members can retire at age 60 or at age 55 with a reduced benefit to account for the receipt of benefits over a longer period of time.

The monthly benefit is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

WSPRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits. .

JRS. The JRS provides retirement, disability, and death benefits to eligible members.

JRS members are eligible for retirement at the age of 60 with 15 years of service; or are age 60 or older, left office involuntarily with 12 years of service credit, and at least 15 years have passed since the beginning of the initial term. The system was closed to new entrants on July 1, 1988, with new judges joining PERS.

The benefit per year of service calculated as a percent of final average salary (FAS) is shown in the table below. This benefit is capped at 75 percent of FAS, exclusive of cost-of-living increases.

Years of Service	Percent of FAS
15+	3.50%
10-14	3.00%

JRF. The JRF provides disability and retirement benefits to eligible members. The system was closed to new entrants on August 8, 1971, with new judges joining the JRS.

Members are eligible to receive a full retirement allowance at age 70 with 10 years of credited service, or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge.

Contributions

PERS, TRS, PSERS, WSPRS: Defined benefit retirement benefits are financed from a combination of investment earnings and employer and/or employee contributions.

PERS Plan 1 and TRS Plan 1 member contribution rates are established in statute. PERS Plan 2/3 and TRS Plans 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. PSERS Plans 2 and WSPRS Plan 1/2 employer and employee contribution rates are also developed by the OSA to fully fund the plans.

Each biennium, the state Pension Funding Council adopts employer contribution rates for PERS Plan 1 and 3 and for TRS Plan 1 and 3; employee and employer contribution rates for PERS Plan 2, TRS Plan 2, and PSERS Plan 2; employee and state contribution rates for WSPRS Plans 1 and 2.

The methods used to determine contribution requirements are established under statute and are subject to change by the Legislature.

PERS and TRS JBM members and employers pay increased contributions that, along with investment earnings, fund the increased retirement benefits of those justices and judges who participate in the program.

Members can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from covered employment.

Required contribution rates for fiscal year 2020 are presented in the table in Note 11.B.3.

LEOFF: LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund the plans. Starting on July 1, 2000, LEOFF Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine contribution requirements are established under state statute.

Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2020, the state contributed 76.3 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2020 are presented in the table in Note 11.B.3.

The state is not an employer for LEOFF Plan 1; however, the state is a nonemployer contributing entity for LEOFF Plan 1. For LEOFF Plan 2, the state is both an employer and a nonemployer contributing entity.

Refer to Note 11.B.2 for nonemployer contributing entity disclosures.

JRS and JRF: The JRF and JRS have no active members; therefore, no employer or employee contributions were required. The state guarantees the solvency of the JRF and JRS on a pay-as-you-go basis from a combination of investment earnings and funding from the state.

Past contributions were made based on rates set in statute. By statute, JRF employees were required to contribute 6.5 percent of covered payroll with an equal amount contributed by the state. JRS employees were required to contribute 7.5 percent of covered payroll with an equal amount contributed by the state.

Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet the benefit payment requirements. For fiscal year 2019 the state contributed \$400 thousand for JRF and \$7.8 million for JRS .

Actuarial Assumptions

PERS, TRS, LEOFF, PSERS, and WSPRS: The total pension liability was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2019, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.50 %
Investment rate of return	7.40 %

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary (OSA) applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of the 2007-2012 Experience Study Report. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Those expected returns make up one component of the WSIB's Capital Market Assumptions (CMAs). The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The OSA selected a 7.40 percent long-term expected rate of return on pension plan investments. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs and simulated expected investment returns provided by the WSIB. Refer to the 2017 Report on Financial Condition and Economic Experience Study on the OSA website for additional background on how this assumption was selected.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20 %	2.2 %
Tangible assets	7 %	5.1 %
Real estate	18 %	5.8 %
Global equity	32 %	6.3 %
Private equity	23 %	9.3 %
Total	100 %	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

JRS and JRF: The total pension liability was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2019, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	3.50%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary (OSA) applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of the 2007-2012 Experience Study Report. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

There were no material changes in assumptions, benefit terms, or methods for the reporting period.

Discount rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The discount rate used to measure the total pension liability was 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to

make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test.

Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers rates include a component for the PERS Plan 1 liability. TRS Plan 2/3 rates include a component for TRS Plan 1 liability.

JRS and JRF: Contributions are made to ensure cash is available to make benefit payments. Since these plans are operated on a pay-as-you-go basis, the discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.50 percent for the June 30, 2019, measurement date.

Refer to the table in Note 11.B.3 for the change in net pension liability.

Pension Expense

The state recognized the following pension expense for the year ended June 30, 2020 (expressed in thousands):

Pension Expense	
Plans	
PERS Plan 1	\$ 59,488
PERS Plan 2/3	110,009
TRS Plan 1	1,110
TRS Plan 2/3	4,680
LEOFF Plan 2	(671)
PSERS Plan 2	11,863
WSPRS	15,192
JRS	3,540
JRF	287

Collective Net Pension Liability/(Asset)

PERS, TRS, LEOFF and PSERS: The following presents the state's proportionate share of the collective net pension liability/(asset), the state's proportionate share percentage, and the change in proportionate share as of June 30, 2020 (expressed in thousands):

	PERS Plan 1		PERS Plan 2/3		TRS Plan 1		TRS Plan 2/3		LEOFF Plan 2		PSERS Plan 2	
Proportionate share of the collective net pension liability/(asset)	\$	1,607,475	\$	490,544	\$	27,102	\$	6,389	\$	(20,782)	\$	(7,101)
State's proportion		41.80%		50.50%		1.09%		1.06%		0.90%		54.61%
Increase/(decrease)		-0.17%		0.09%		-0.01%		—%		0.03%		4.13%

Net Pension Liability/(Asset)

WSPRS, JRS, and JRF: The following presents the state's net pension liability as of June 30, 2020 (expressed in thousands):

	WSPRS		JRS		JRF	
Proportionate share of the collective net pension liability/(asset)	\$	11,637	\$	70,718	\$	1,453

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.40 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

Total Pension Liability (Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
PERS Plan 1	\$ 2,013,070	\$ 1,607,475	\$ 1,255,567
PERS Plan 2/3	3,762,277	490,544	(2,194,129)
TRS Plan 1	34,640	27,102	20,564
TRS Plan 2/3	34,817	6,389	(16,726)
LEOFF Plan 2	(3,864)	(20,782)	(34,591)
PSERS Plan 2	73,309	(7,101)	(70,270)
WSPRS	206,668	11,637	(146,886)

JRS and JRF: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 3.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate (expressed in thousands):

Total Pension Liability (Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
JRS	\$ 77,420	\$ 70,718	\$ 64,900
JRF	1,545	1,453	1,366

Deferred Outflows of Resources, and Deferred inflows of Resources Related to Pensions

PERS, TRS, LEOFF, PSERS, WSPRS, JRS, and JRF: For the year ended June 30, 2020, the state reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources	PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 140,542	\$ 105,464
Changes of assumptions	—	—	Changes of assumptions	12,561	205,816
Net difference between projected and actual earnings on pension plan investments	—	107,393	Net difference between projected and actual earnings on pension plan investments	—	714,032
Change in proportion	—	—	Change in proportion	22,195	—
State contributions subsequent to the measurement date	303,930	—	State contributions subsequent to the measurement date	468,064	—
Total	\$ 303,930	\$ 107,393	Total	\$ 643,362	\$ 1,025,312

TRS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources	TRS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 4,442	\$ 206
Changes of assumptions	—	—	Changes of assumptions	2,408	1,697
Net difference between projected and actual earnings on pension plan investments	—	2,079	Net difference between projected and actual earnings on pension plan investments	—	5,516
Change in proportion	—	—	Change in proportion	2,064	—
State contributions subsequent to the measurement date	6,172	—	State contributions subsequent to the measurement date	6,760	—
Total	\$ 6,172	\$ 2,079	Total	\$ 15,674	\$ 7,419

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources	PSERS Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,495	\$ 374	Difference between expected and actual experience	\$ 5,997	\$ 628
Changes of assumptions	34	2,339	Changes of assumptions	57	3,816
Net difference between projected and actual earnings on pension plan investments	—	4,261	Net difference between projected and actual earnings on pension plan investments	—	12,331
Change in proportion	44	93	Change in proportion	1,097	7
State contributions subsequent to the measurement date	1,716	—	State contributions subsequent to the measurement date	27,638	—
Total	\$ 3,289	\$ 7,067	Total	\$ 34,789	\$ 16,782

WSPRS Plan 1/2	Deferred Outflows of Resources	Deferred Inflows of Resources	JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,777	\$ —	Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	9,079	15,665	Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	45,555	Net difference between projected and actual earnings on pension plan investments	327	—
Change in proportion	—	—	Change in proportion	—	—
State contributions subsequent to the measurement date	19,897	—	State contributions subsequent to the measurement date	7,800	—
Total	\$ 51,753	\$ 61,220	Total	\$ 8,127	\$ —

JRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	33	—
Change in proportion	—	—
State contributions subsequent to the measurement date	400	—
Total	\$ 433	\$ —

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the fiscal years ended June 30 (expressed in thousands):

PERS Plan 1			PERS Plan 2/3			TRS Plan 1			TRS Plan 2/3		
2021	\$	(23,708)	2021	\$	(213,370)	2021	\$	(427)	2021	\$	(198)
2022	\$	(56,156)	2022	\$	(362,057)	2022	\$	(1,116)	2022	\$	(1,693)
2023	\$	(20,040)	2023	\$	(158,114)	2023	\$	(392)	2023	\$	180
2024	\$	(7,489)	2024	\$	(82,572)	2024	\$	(144)	2024	\$	625
2025	\$	—	2025	\$	(37,908)	2025	\$	—	2025	\$	609
Thereafter	\$	—	Thereafter	\$	4,007	Thereafter	\$	—	Thereafter	\$	1,972
LEOFF Plan 2			PSERS Plan 2			WSPRS Plan 1/2			JRS		
2021	\$	(1,124)	2021	\$	(1,946)	2021	\$	(3,867)	2021	\$	130
2022	\$	(2,143)	2022	\$	(3,887)	2022	\$	(15,177)	2022	\$	108
2023	\$	(978)	2023	\$	(2,376)	2023	\$	(7,056)	2023	\$	66
2024	\$	(526)	2024	\$	(1,215)	2024	\$	(3,786)	2024	\$	23
2025	\$	(185)	2025	\$	(76)	2025	\$	522	2025	\$	—
Thereafter	\$	(538)	Thereafter	\$	(131)	Thereafter	\$	—	Thereafter	\$	—
JRF											
2021	\$	12									
2022	\$	11									
2023	\$	7									
2024	\$	3									
2025	\$	—									
Thereafter	\$	—									

2. DRS Plans - Nonemployer Contributing Entity Disclosures

For fiscal year 2020, the state was considered a nonemployer contributing entity in special funding situations for two DRS-administered pension plans, LEOFF Plan 1 and LEOFF Plan 2. State contributions are required by statute to be made directly to these plans to fund pensions. Note 11.B.1 provides the detailed descriptions of these plans, their benefit terms, contribution requirements, significant assumptions used to measure pension liability and mortality, and the discount rate.

Basis for Nonemployer Contributing Entity Contributions. LEOFF Plan 1 has a net pension asset as of the June 30, 2019, measurement date. If needed, RCW 41.26.080 would require employer and employee contributions of 6 percent, and the remaining liabilities funded by the state pursuant to chapter 41.45 RCW. For fiscal year 2019, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 87.12 percent based on historical contributions to the plan.

LEOFF Plan 2 has a net pension asset as of the June 30, 2019, measurement date. In this plan, the state is an employer and a nonemployer contributing entity. RCW 41.26.725 limits the employee contributions to 50 percent, employer contributions to 30 percent, and the state contribution to 20 percent of the cost of benefits. In no instance shall the state contribution exceed 4 percent of payroll. For fiscal year 2019, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 39.57 percent based on total plan contributions received in fiscal year 2019.

Collective Net Pension Liability/(Asset). The following presents the proportionate share of the collective net pension liability/(asset), the proportionate share percentage, and the change in proportion share of the state as a nonemployer contributing entity as of June 30, 2020 (expressed in thousands).

	LEOFF Plan 1	LEOFF Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ (1,722,024)	\$ (916,765)
State's proportion	87.12%	39.57%
Increase/(decrease)	—%	0.27%

The proportion of the state nonemployer contributions related to LEOFF Plan 1 was based on historical contributions from the state and employers plus fiscal year 2019 retirement benefit payments. The proportion

of the state nonemployer contributions related to LEOFF Plan 2 was based on the state's contributions to the pension plan relative to the total state contributions and all participating employers.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the nonemployer contributing entity calculated using the discount rate of 7.40 percent, as well as what the nonemployer contributing entity's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

LEOFF Plan 1 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (1,408,707)
Current discount rate	\$ (1,722,024)
1% increase	\$ (1,992,542)

LEOFF Plan 2 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (170,465)
Current discount rate	\$ (916,765)
1% increase	\$ (1,525,917)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2020, the state as a nonemployer contributing entity recognized \$(90.3) million pension expense for LEOFF Plan 1 and \$(29.6) million pension expense for LEOFF Plan 2.

At June 30, 2020, the state as a nonemployer contributing entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	178,522
Change in proportion	—	—
State contributions subsequent to the measurement date	5	—
Total	\$ 5	\$ 178,522

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 65,969	\$ 16,486
Changes of assumptions	1,510	103,165
Net difference between projected and actual earnings on pension plan investments	—	187,965
Change in proportion and difference between state contributions and proportionate share of contributions	1,927	4,108
State contributions subsequent to the measurement date	75,686	—
Total	\$ 145,092	\$ 311,724

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

LEOFF Plan 1		
2021	\$	(41,466)
2022	\$	(91,394)
2023	\$	(33,164)
2024	\$	(12,498)
2025	\$	—
Thereafter	\$	—

LEOFF Plan 2		
2021	\$	(49,600)
2022	\$	(94,519)
2023	\$	(43,136)
2024	\$	(23,202)
2025	\$	(8,141)
Thereafter	\$	(23,720)

3. Tables for Plans Administered by the Department of Retirement Services

TABLE 1: Single Employer Plan Membership

Membership of the single employer plans administered by the Department of Retirement Systems consisted of the following at June 30, 2019, the date of the latest actuarial valuation for all plans:

Number of Participating Members				
Plans	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
WSPRS 1	1,181	69	397	1,647
WSPRS 2	—	37	646	683
JRS	90	—	—	90
JRF	10	—	—	10
Total	1,281	106	1,043	2,430

TABLE 2: Change in Net Pension Liability/(Asset)

The following table presents the change in net pension liability/(asset) of the single employer plans administered by the Department of Retirement Systems at June 30, 2018, the date of the latest actuarial valuation for all plans, with the results rolled forward to the June 30, 2019, measurement date (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS	JRS	JRF
TOTAL PENSION LIABILITY			
Service cost	\$ 22,671	\$ —	\$ —
Interest	96,629	3,078	89
Changes of benefit terms	—	—	—
Differences between expected and actual experience	4,254	(1,793)	161
Changes of assumptions	—	2,372	50
Benefit payments, including refunds of member contributions	(64,370)	(7,958)	(338)
Net Change in Total Pension Liability	59,184	(4,301)	(38)
Total Pension Liability--Beginning	1,314,734	83,479	2,465
Total Pension Liability--Ending	\$ 1,373,918	\$ 79,178	\$ 2,427
PLAN FIDUCIARY NET POSITION			
Contributions--employer	\$ 14,700	\$ 8,400	\$ 500
Contributions--employee	10,744	—	—
Net investment income	111,123	166	17
Benefit payments, including refunds of member contributions	(64,370)	(7,958)	(338)
Administrative expense	(131)	—	—
Other	769	—	—
Net Change in Plan Fiduciary Net Position	72,835	608	179
Plan Fiduciary Net Position--Beginning	1,289,446	7,852	795
Plan Fiduciary Net Position--Ending	\$ 1,362,281	\$ 8,460	\$ 974
Plan's Net Pension Liability / (Asset)--Beginning	\$ 25,288	\$ 75,627	\$ 1,670
Plan's Net Pension Liability / (Asset)--Ending	\$ 11,637	\$ 70,718	\$ 1,453

TABLE 3: Required Contribution Rates

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by the Department of Retirement Systems at the close of fiscal year 2020 were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
PERS						
Employees Not Participating in JBM						
State agencies, local governmental units	7.92 %	7.92 %	7.92 %	6.00 %	7.90 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.76 %	4.76 %	4.76 %			
Total	12.86 %	12.86 %	12.86 % *			
State govt elected officials	11.88 %	7.92 %	7.92 %	7.50 %	7.90 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	7.14 %	4.76 %	4.76 %			
Total	19.20 %	12.86 %	12.86 % *			
Employees Participating in JBM						
State agencies	10.42 %	10.42 %	10.42 %	9.76 %	17.25 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.76 %	4.76 %	4.76 %			
Total	15.36 %	15.36 %	15.36 % *			
Local governmental units	7.92 %	7.92 %	7.92 %	12.26 %	19.75 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.76 %	4.76 %	4.76 %			
Total	12.86 %	12.86 %	12.86 % *			
TRS						
Employees Not Participating in JBM						
State agencies, local governmental units	8.15 %	8.15 %	8.15 %	6.00 %	7.77 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	7.18 %	7.18 %	7.18 %			
Total	15.51 %	15.51 %	15.51 % *			
State govt elected officials	8.15 %	8.15 %	8.15 %	7.50 %	7.77 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	7.18 %	7.18 %	7.18 %			
Total	15.51 %	15.51 %	15.51 % *			
Employees Participating in JBM						
State agencies	8.15 %	N/A	N/A	9.76 %	N/A	N/A
Administrative fee	0.18 %	N/A	N/A			
TRS Plan 1 UAAL	7.18 %	N/A	N/A			
Total	15.51 %					
LEOFF						
Ports and universities	N/A	8.59 %	N/A	N/A	8.59 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	8.77 %				
Local governmental units	N/A	5.15 %	N/A	N/A	8.59 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	5.33 %				
State of Washington	N/A	3.44 %	N/A	N/A	N/A	N/A
WSPRS						
State agencies	17.50 %	17.50 %	N/A	8.45 %	8.45 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	17.68 %	17.68 %				
PSERS						
State agencies, local governmental units	N/A	7.20 %	N/A	N/A	7.20 %	N/A
Administrative fee	N/A	0.18 %	N/A			
PSERS Plan 1 UAAL	N/A	4.76 %	N/A			
Total		12.14 %				

* Plan 3 defined benefit portion only.

** Variable from 5% to 15% based on rate selected by the member.

*** Minimum rate.

N/A indicates data not applicable.

C. PLAN ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIRE FIGHTERS AND RESERVE OFFICERS

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Plan Description. The Volunteer Fire Fighters' Relief Act was created by the Legislature in 1935, and the pension portion of the act was added in 1945. As established in chapter 41.24 RCW, the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) is a cost-sharing, multiple-employer defined benefit plan and is administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The board is appointed by the Governor and is comprised of five members of fire departments covered by chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation.

As of June 30, 2020, there were approximately 390 municipalities contributing to the plan. Additionally, the state, a nonemployer contributing entity, contributes 40 percent of the fire insurance premium tax.

Plan Members. Membership in the VFFRPF requires volunteer firefighter service with a fire department of an electing municipality of Washington state, emergency work as an emergency medical technician with an emergency medical service district, or work as a commissioned reserve law enforcement officer.

At June 30, 2019, VFFRPF membership consisted of the following:

Plan Membership	
Inactive plan members or beneficiaries currently receiving benefits	4,602
Inactive plan members entitled to but not yet receiving benefits	6,187
Active plan members*	8,428
Total membership	19,217

**Does not include 1,661 active plan members who have chosen not to join the pension plan.*

Benefits Provided. VFFRPF provides retirement, disability, and death benefits to eligible members. Benefits are established in chapter 41.24 RCW which may be amended only by the Legislature.

Since retirement benefits cover volunteer service, benefits are paid based on years of service, not salary. Municipalities consist of fire departments, emergency medical service districts, and law enforcement agencies. After 25 years of active membership, members having

reached the age of 65 and who have paid their annual retirement fee for 25 years are entitled to receive a monthly benefit of \$50 plus \$10 per year of service. The maximum monthly benefit is \$300. Reduced pensions are available for members under the age of 65 or with less than 25 years of service.

Members are vested after ten years of service. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214 thousand. Funeral and burial expenses are also paid in a lump sum of \$2 thousand for members on active duty. Members receiving disability benefits at the time of death shall be paid \$500.

Effective June 7, 2012, at any time prior to retirement or at the time of retirement, a member of the VFFRPF may purchase retirement pension coverage for years of eligible service prior to the member's enrollment in the system or for years of service credit lost due to the withdrawal of the member's pension fee contributions. A member choosing to purchase such retirement pension coverage must contribute to the system an amount equal to the actuarial value of the resulting benefit increase.

There were no material changes in VFFRPF benefit provisions for the fiscal year ended June 30, 2020.

Contributions. VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and state contributions. In accordance with chapter 41.24 RCW, the state contribution is set at 40 percent of the fire insurance premium tax. The state is considered a nonemployer contributing entity; however, this is not considered a special funding situation. For fiscal year 2020, the fire insurance premium tax contribution was \$8.2 million.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies is set each year by the State Board for Volunteer Fire Fighters and Reserve Officers, based on the actual cost of participation as determined by the Office of the State Actuary (OSA). All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

The contribution rates set for calendar year 2020 were the following:

		Firefighters	EMSD & Reserve Officers
Member fee	\$	30	\$ 30
Municipality fee		30	105
Total fee	\$	60	\$ 135

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRPF. By statute, balances in the accounts in the state treasury and in the custody of the treasurer may be pooled for banking and investment purposes.

The overall objective of the OST investment policy is to construct, from eligible investments noted below, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return. Eligible investments are only those securities and deposits authorized by statute.

Further information about the investment of pension funds by the OST, their valuation, classifications, concentrations, and maturities can be found in Note 3.F.

Rate of Return. The money-weighted rates of return are provided by the Washington State Investment Board and OST. For the year ended June 30, 2020, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was 4.40 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

Pension Liability/(Asset). The components of the net pension liability of the participating VFFRPF municipalities at June 30, 2020, were as follows (dollars expressed in thousands):

Pension Liability	
Total pension liability	\$ 230,100
Plan fiduciary net position	265,340
Participating municipality net pension liability/(asset)	\$ (35,240)
Plan fiduciary net position as a percentage of the total pension liability	115.32%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary (OSA) applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2007-2012 Demographic Experience Study, the 2008-2013 Pension Experience Study, and the 2018 Relief Experience Study. Additional assumptions for subsequent events and law changes are current as of the June 30, 2019, VFF Actuarial Valuation report.

The OSA selected a 7.40 percent long-term expected rate of return on the WSIB pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The CMAs contain the following three pieces of information for each class of asset the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between annual returns of each asset class with every other asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	2.2%
Tangible assets	7%	5.1%
Real estate	18%	5.8%
Public equity	32%	6.3%
Private equity	23%	9.3%
Total	100%	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

For additional information and background on the OSA's development of the long-term rate of return assumptions, refer to the 2019 Report on Financial Condition and Economic Experience Study located on the OSA website. The selection of this assumption and economic experience studies are further detailed in the Department of Retirement Systems (DRS), Comprehensive Annual Financial Report's actuarial certification letter found on the DRS website.

In consultation with the OST, the OSA selected a 3.50 percent long-term investment rate of return on assets managed by the OST. See OSA's 2019 VFF Actuarial Report for further details. <https://leg.wa.gov/osa/presentations/Documents/Valuations/2019VAVRReport.pdfs/2019VAVRReport.pdf>.

As the VFFRPF has assets managed by both the WSIB and the OST, the long-term expected rate of return of 7.00 percent represents an approximate 90%/10% weighted-average of the assets managed by the WSIB (7.40 percent expected return) and the assets managed by the OST (3.50 percent expected return), respectively.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.00 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.00 percent

future investment rate of return on invested assets was assumed for the test. Contributions from plan members, municipalities, and the state will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent on plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the municipalities calculated using the discount rate of 7.00 percent, as well as what the municipalities' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

Municipalities' Net Pension Liability/(Asset)	
1% decrease	\$ (5,173)
Current discount rate	\$ (35,240)
1% increase	\$ (59,666)

D. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLANS

Plan Description. The Higher Education Retirement Plans are privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. No assets are accumulated in trusts or equivalent arrangements.

The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a separate plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the

state board for community and technical colleges, and the Student Achievement Council.

The Higher Education Defined Contribution Retirement Plans are described in Note 11.E.

Benefits Provided. The Higher Education Supplemental Retirement Plans provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all Higher Education Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of credited service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The monthly goal income is one-twelfth of 2 percent of the member's average annual salary multiplied by the number of years of service (such product not to exceed one-twelfth of fifty percent of the member's average annual salary). The member's assumed income is an annuity benefit the retired member would receive from their defined contribution Retirement Plan benefit in the first month of retirement had they invested all employer and member contributions equally between a fixed income and variable income annuity investment. Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50%-4.25%
Fixed income and variable income investment returns*	4.25%-6.50%

*Measurement reflects actual investment returns through June 30, 2020

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published

by the Society of Actuaries. The Office of the State Actuary (OSA) applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most actuarial assumptions used in the June 30, 2018, valuation were based on the results of the April 2016 Supplemental Plan Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes during the measurement period include the discount rate decrease from 3.50 percent to 2.21 percent.

Discount Rate. The discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.21 percent for the June 30, 2020, measurement date.

Pension Expense. For the year ended June 30, 2020, the Higher Education Supplemental Retirement Plans reported the following for pension expense (expressed in thousands):

Pension Expense	
Plans	
University of Washington (UW)	\$ 60,026
Washington State University (WSU)	5,274
Eastern Washington University (EWU)	1,985
Central Washington University (CWU)	611
The Evergreen State College (TESC)	451
Western Washington University (WWU)	2,073
State Board for Community and Technical Colleges (SBCTC)	8,643
Total	\$ 79,063

Plan Membership. Membership of the Higher Education Supplemental Retirement Plans consisted of the following at June 30, 2018, the date of the latest actuarial valuation for all plans:

Number of Participating Members				
Plans	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
University of Washington (UW)	853	188	6,132	7,173
Washington State University (WSU)	336	98	1,841	2,275
Eastern Washington University (EWU)	46	26	346	418
Central Washington University (CWU)	65	11	100	176
The Evergreen State College (TESC)	18	14	196	228
Western Washington University (WWU)	63	21	562	646
State Board for Community and Technical Colleges (SBCTC)	240	416	5,113	5,769
Total	1,621	774	14,290	16,685

Change in Total Pension Liability/(Asset). The following table presents the change in total pension liability/(asset) of Higher Education Supplemental Retirement Plans at June 30, 2020 (expressed in thousands):

Change in Total Pension Liability/(Asset)	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
TOTAL PENSION LIABILITY							
Service cost	\$ 16,699	\$ 2,282	\$ 501	\$ 52	\$ 188	\$ 699	\$ 3,516
Interest	21,232	3,282	634	252	243	962	3,956
Differences between expected and actual experience	31,425	5,496	1,019	322	490	1,961	8,335
Changes of assumptions	126,749	17,655	3,488	1,057	1,293	5,269	22,269
Benefit payments	(8,316)	(2,493)	(250)	(439)	(138)	(486)	(1,785)
Net Change in Total Pension Liability	\$ 187,789	\$ 26,222	\$ 5,392	\$ 1,244	\$ 2,076	\$ 8,405	\$ 36,291
Total Pension Liability--Beginning	594,040	92,720	17,747	7,378	6,818	27,037	110,385
Total Pension Liability--Ending	\$ 781,829	\$ 118,942	\$ 23,139	\$ 8,622	\$ 8,894	\$ 35,442	\$ 146,676

Sensitivity of the Total Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the total pension liability/(asset), calculated using the discount rate of 2.21 percent, as well as what the employers' total pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate (expressed in thousands):

Total Pension Liability / (Asset)				
Plans	1% Decrease	Current Discount Rate	1% Increase	
University of Washington (UW)	\$ 906,918	\$ 781,829	\$ 678,878	
Washington State University (WSU)	136,250	118,942	104,610	
Eastern Washington University (EWU)	26,568	23,139	20,307	
Central Washington University (CWU)	9,650	8,622	7,763	
The Evergreen State College (TESC)	10,164	8,894	7,841	
Western Washington University (WWU)	40,641	35,442	31,134	
State Board for Community and Technical Colleges (SBCTC)	168,664	146,676	128,559	
Total	\$ 1,298,855	\$ 1,123,544	\$ 979,092	

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2020, the Higher Education Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

University of Washington (UW)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 104,214	\$ 58,518
Changes of assumptions	153,291	24,886
Transactions subsequent to the measurement date	—	—
Total	\$ 257,505	\$ 83,404

Washington State University (WSU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,663	\$ 11,790
Changes of assumptions	20,756	4,660
Transactions subsequent to the measurement date	—	—
Total	\$ 25,419	\$ 16,450

Eastern Washington University (EWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,390	\$ 1,150
Changes of assumptions	3,659	619
Transactions subsequent to the measurement date	—	—
Total	\$ 7,049	\$ 1,769

Central Washington University (CWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 182	\$ 292
Changes of assumptions	708	63
Transactions subsequent to the measurement date	—	—
Total	\$ 890	\$ 355

The Evergreen State College (TESC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 406	\$ 901
Changes of assumptions	1,547	279
Transactions subsequent to the measurement date	—	—
Total	\$ 1,953	\$ 1,180

Western Washington University (WWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,266	\$ 3,479
Changes of assumptions	6,411	1,352
Transactions subsequent to the measurement date	—	—
Total	\$ 9,677	\$ 4,831

State Board for Community and Technical Colleges (SBCTC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,854	\$ 18,502
Changes of assumptions	27,917	5,032
Transactions subsequent to the measurement date	—	—
Total	\$ 39,771	\$ 23,534

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

University of Washington (UW)			Washington State University (WSU)			Eastern Washington University (EWU)			Central Washington University (CWU)		
2021	\$	22,096	2021	\$	(291)	2021	\$	850	2021	\$	355
2022	\$	22,096	2022	\$	(291)	2022	\$	850	2022	\$	180
2023	\$	22,096	2023	\$	385	2023	\$	1,007	2023	\$	—
2024	\$	22,096	2024	\$	3,086	2024	\$	1,372	2024	\$	—
2025	\$	35,676	2025	\$	3,781	2025	\$	919	2025	\$	—
Thereafter	\$	50,041	Thereafter	\$	2,299	Thereafter	\$	282	Thereafter	\$	—

The Evergreen State College (TESC)			Western Washington University (WWU)			State Board for Community and Technical Colleges (SBCTC)		
2021	\$	21	2021	\$	412	2021	\$	1,171
2022	\$	21	2022	\$	412	2022	\$	1,171
2023	\$	182	2023	\$	744	2023	\$	1,171
2024	\$	289	2024	\$	1,517	2024	\$	2,819
2025	\$	260	2025	\$	1,527	2025	\$	5,292
Thereafter	\$	—	Thereafter	\$	234	Thereafter	\$	4,613

E. DEFINED CONTRIBUTION PLANS

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 11.B for PERS Plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 11.B for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in

the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Judicial Retirement Account

The Judicial Retirement Account (JRA) Plan was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of PERS for their services as a judge. Vesting is full and immediate. At June 30, 2020, there were one active member and 101 inactive members and one member receiving monthly benefits in JRA. The state, through the AOC, is the sole participating employer.

Beginning January 1, 2007, any justice or judge who was in a judicial position at that time and who chose to join the Judicial Benefit Multiplier (JBM) Program could no longer participate in JRA. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership, they will be enrolled as a member of both PERS Plan 2 and JBM.

JRA Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate or such person or persons, trust or

organization, as the member has nominated by written designation.

For fiscal year 2020, the state recognized pension expense for contributions of \$9 thousand made to employee accounts. No plan refunds were made.

The administrator of JRA has entered an agreement with the DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, the DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options, and manage the investment funds for the JRA Plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

Higher Education Retirement Plans

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental defined benefit plan component. The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

Contributions to the plans are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100 percent vested interest in their accumulations.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the state board for community and technical colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 3.77 percent to 9.85 percent of salary. The employers match the employee contributions. The employer and employee obligations to contribute are established per chapter 28B.10 RCW.

For fiscal year 2020, employer and employee contributions were \$251.9 and \$249.6 million, respectively, for a total of \$501.5 million.

Note 12

Other Postemployment Benefits

General Information

The state implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 financial reporting. In addition to pension benefits as described in Note 11, the state, through the Health Care Authority (HCA), administers a single-employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumption used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 76 of the state's K-12 schools and educational service districts (ESDs), and 249 political subdivisions and tribal governments not included in the state's financial reporting that participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12

schools, charter schools, and ESDs. Membership in the PEBB plan for the state consisted of the following:

Summary of Plan Participants As of June 30, 2018	
Active employees*	123,160
Retirees receiving benefits**	33,735
Retirees not receiving benefits***	6,000
Total active employees and retirees	162,895

*Reflects active employees eligible for PEBB program participation as of June 30, 2018.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future. No benefits are allowed to them unless they choose to join in the future. In order to do so, they must show proof of continuous medical coverage since their separation of employment with the state of Washington that meets the requirements set forth in Washington Administrative Code 182-12-205.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: Public Employees' Retirement System, Public Safety Employees' Retirement System, Teachers' Retirement System, Service Employees' Retirement System, Washington State Patrol Retirement System, Higher Education Retirement Plans, Judicial Retirement System, and Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2018 and 2019, the average weighted implicit subsidy was valued at \$347 and \$367 per adult unit per month, respectively. In calendar year 2020, the average weighted implicit subsidy is projected to be \$373 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends

an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2018 and 2019, the explicit subsidy was up to \$168 per member per month, increasing to up to \$183 per member per month in calendar year 2020. It is projected to remain at \$183 per member per month in calendar year 2021.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*	
Medical	\$ 1,100
Dental	81
Life	4
Long-term disability	2
Total	\$ 1,187
Employer contribution	\$ 1,025
Employee contribution	162
Total	\$ 1,187

*Per 2020 PEBB Financial Projection Model 3.3. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2020 which includes projected claims cost at the time of this reporting.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to the Office of the State Actuary's website: https://leg.wa.gov/osa/additional_services/Pages/OPEB.aspx. Please note that the results from OSA's report will not precisely match this publication due to the exclusion of a component unit that reports on a cash basis, and inclusion of a component unit not included in OSA's valuation report.

Actuarial Assumptions. The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2018
Actuarial measurement date	6/30/2019
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (i.e., the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Projected salary changes	3.50% plus service-based salary increases
Health care trend rates	Trend rate assumptions vary slightly by medical plan. Initial rate is approximately 8%, reaching an ultimate rate of approximately 4.5% in 2080.
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

In projecting the growth of the explicit subsidy, after 2022 when the cap is \$183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2007-2012 Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2017 Economic Experience Study.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.87 percent for the June 30, 2018, measurement date and 3.5 percent for the June 30, 2019, measurement date.

Additional detail on assumptions and methods can be found on OSA's website.

Total OPEB Liability. As of June 30, 2020, the state reported a total OPEB liability of \$5.81 billion.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the June 30, 2020, reporting date (expressed in thousands):

Changes in Total OPEB Liability	State	Component Units	Total
Total OPEB Liability - Beginning as restated	\$ 5,075,443	\$ 4,439	\$ 5,079,882
Changes for the year:			
Service cost	234,849	467	235,316
Interest	203,719	170	203,889
Difference between expected and actual experience*	—	(273)	(273)
Changes in benefit terms	—	—	—
Changes in assumptions*	379,378	259	379,637
Changes in proportion	(92)	89	(3)
Benefit payments	(93,189)	(64)	(93,253)
Net Changes in Total OPEB Liability	724,665	648	725,313
Total OPEB liability - Ending	\$ 5,800,108	\$ 5,087	\$ 5,805,195

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

The increase in the total OPEB liability is due to changes in assumptions resulting from a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the state as an employer calculated

using the discount rate of 3.5 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5 percent) or 1 percentage point higher (4.5 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 7,023,737	\$ 6,272	\$ 7,030,009
Current discount rate	\$ 5,800,108	\$ 5,087	\$ 5,805,195
1% increase	\$ 4,849,711	\$ 4,181	\$ 4,853,892

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the state as an employer, calculated using the health care trend rates of 8.00 percent decreasing to 4.50 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (7.00 percent decreasing to 3.50 percent) or 1 percentage point higher (9.00 percent decreasing to 5.50 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 4,694,307	\$ 4,020	\$ 4,698,327
Current health care cost trend rate	\$ 5,800,108	\$ 5,087	\$ 5,805,195
1% increase	\$ 7,288,349	\$ 6,564	\$ 7,294,913

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ending June 30, 2020, the state recognized OPEB expense of \$248.8 million.

On June 30, 2020, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB for the state, including component units, from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 154,979	\$ 259
Changes of assumptions	337,457	1,682,881
Transactions subsequent to the measurement date	100,075	—
Changes in proportion	132,897	132,936
Total	\$ 725,408	\$ 1,816,076

Deferred outflows of resources and deferred inflows of resources related to OPEB for component units as of the June 30, 2020, reporting date were as follows (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98	\$ 259
Changes of assumptions	231	1,181
Transactions subsequent to the measurement date	63	—
Changes in proportion	109	45
Total	\$ 501	\$ 1,485

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the state and component units will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2021	\$ (190,431)
2022	\$ (190,431)
2023	\$ (190,431)
2024	\$ (190,431)
2025	\$ (190,431)
Thereafter	\$ (238,588)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for component units will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2021	\$ (140)
2022	\$ (140)
2023	\$ (140)
2024	\$ (140)
2025	\$ (140)
Thereafter	\$ (347)

Note 13

Derivative Instruments

Hedging Derivatives

In addition to investment derivatives as described in Note 3, the state, through the Washington State Department of

Transportation Ferries Division (WSF), entered into commodity swap agreements to hedge a portion of WSF diesel fuel consumption.

The following table presents the hedging derivative instruments as of June 30, 2020 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2020		Notional Amount (in Gallons)
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
	Deferred		Accounts		
Commodity swaps	Outflow	\$ 3,014	Payable	\$ 2,347	9,072

The commodity swaps noted above were reviewed for hedge accounting and were deemed effective using the regression analysis method.

Objective

The objective for the hedge transaction is to minimize the volatility of the price of diesel fuel and therefore stabilize the percentage of the WSF operating budget represented by fuel purchases.

To accomplish this, a strategy of active hedging has been implemented by WSF to control the uncertain costs of fuel and allow for more accurate budget estimates.

Significant Terms

The significant terms of active hedges WSF entered into during fiscal year 2020 are presented in the following table:

Type	Counterparty	Contract Price per Gallon	Variable Rate Received	Trade Date	Settlement Period	Monthly Notional Amount (in Gallons)
Commodity Swap	Cargill	1.77	NYMEX ULSD Heating Oil	12/24/2018	7/2019 - 6/2020	252,000
Commodity Swap	Cargill	1.78	NYMEX ULSD Heating Oil	9/3/2019	10/2019 - 6/2020	252,000
Commodity Swap	Cargill	1.83	NYMEX ULSD Heating Oil	10/8/2019	11/2019 - 6/2020	252,000
Commodity Swap	Cargill	1.90	NYMEX ULSD Heating Oil	1/13/2020	2/2020 - 6/2020	252,000
Commodity Swap	BofA - Merrill Lynch	1.90	NYMEX ULSD Heating Oil	1/14/2019	7/2019 - 6/2020	252,000
Commodity Swap	BofA - Merrill Lynch	1.72	NYMEX ULSD Heating Oil	1/27/2020	7/2020 - 6/2021	252,000
Commodity Swap	BofA - Merrill Lynch	1.72	NYMEX ULSD Heating Oil	2/14/2020	7/2020 - 6/2021	252,000
Commodity Swap	BofA - Merrill Lynch	1.24	NYMEX ULSD Heating Oil	3/16/2020	7/2020 - 6/2021	252,000

The hedging strategy consists of a reference to futures contracts of New York Mercantile Exchange (NYMEX) Ultra Low Sulfur Diesel (ULSD) Heating Oil. This commodity remains highly correlated to the diesel fuel type being used by WSF. These fuel hedges require no initial cash investment and provide monthly settlements.

The monthly settlements are based on the daily prices of the respective commodities whereby WSF will either receive a payment or make a payment to the counterparty, depending on the average monthly prices of the commodities in relation to the contract prices.

Fair Value

The state reports its hedging derivative instruments at fair value as either accounts payable - liability (negative fair value amount) or as other receivables - asset (positive fair value amount). The fair value represents the current price to settle swap assets or liabilities in the market place if a swap were to be terminated. The changes in fair value for hedging derivatives represent the unrealized gain or loss on the contracts and are reported as deferred inflows or deferred outflows of resources, respectively. At fiscal year end, the state reports the fair value and changes in fair value related to hedging derivative instruments on the Balance Sheet for Nonmajor Governmental Funds and the Government-wide Statement of Net Position.

Risks

The following risks are generally associated with commodity swap agreements:

Basis risk. Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates.

Statistically, the relationship between heating oil prices and diesel fuel prices has been quite stable over the past five years with a 98 percent correlation. This means that the heating oil futures price explains 98 percent of the variance in the price that WSF pays for its diesel fuel, making it highly reliable. In order to mitigate basis risk, WSF continually monitors the relationship between futures prices and the price of diesel fuel delivered.

Termination Risk. Termination risk is the risk that there will be a mandatory early termination of the commodity swap that would result in WSF either paying or receiving a termination payment. Mandatory terminations generally result when a counterparty suffers degraded credit quality or fails to perform. Upon termination, payment may be required by either party, reflecting fair value at the time of termination.

Credit Risk. Credit risk is the risk that the counterparty fails to make the required payments or otherwise comply with the terms of the swap agreement. WSF is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any derivative has a positive market value, then WSF is exposed to the actual risk that the counterparty will not fulfill its obligation. To mitigate credit risk, WSF monitors the credit ratings of the counterparties. At June 30, 2020, credit ratings of the state's counterparties were as follows:

Counterparty	Moody's	Standard & Poor's	Fitch
Cargill	A2	A	A
Bank of America Merrill Lynch International Limited	-	A+	AA-

Note 14

Tax Abatements

During fiscal year 2020, the state of Washington provided material tax abatements through eight programs, five of which are only available to businesses in the aerospace industry.

Data Center Server Equipment and Power Infrastructure Tax Exemption

Per Revised Code of Washington (RCW) 82.08.986 and 82.12.986, the purchase or use of server equipment and power infrastructure in data centers within the state of Washington, along with certain related labor and services charges, may be exempt from sales and use tax to encourage immediate investments in technology facilities. The Department of Revenue (DOR) will issue an exemption certificate, which the buyer must present to the seller at the time of the sale in order to make eligible tax-exempt purchases.

Within six years of the date that the exemption certificate is issued, the certificate holder must establish that net employment at the computer data center has increased by a minimum of 35 family wage positions or 3 family wage employment positions for each 20,000 square feet or less of space. Family wage employment positions are new permanent employment positions requiring 40 hours of weekly work, or their equivalent, at the eligible computer data center, and receiving a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the data center is located. All previously exempted sales and use tax are immediately due and payable for a qualifying business that does not meet these requirements.

High-Technology Business Tax Deferral Program

Chapter 82.63 RCW provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in the state of Washington. The deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology.

Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment. Eligible projects will receive a sales and use tax deferral certificate issued by DOR, which allows vendors and contractors to sell to the approved business without charging sales tax. An annual survey must be filed by May 31 of the year in which the project is certified and for the following seven years. If the investment project is used for any other purpose at any time during the calendar year in which the

investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately. The portion due is determined by a sliding scale ranging from 100 percent recapture in the year the project is operationally complete to 12.5 percent recapture in year eight.

Multi-Unit Urban Housing Tax Exemption

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three years of the application approval date. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city or county where the property is located before beginning construction. If the application is approved, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. If the application for a tax exemption certificate was submitted before July 22, 2007, the property is exempt for ten years. If the application for a tax exemption certificate was submitted on or after July 22, 2007, the property is exempt for eight years, unless the applicant commits to renting or selling at least 20 percent of the units as affordable housing units to low and moderate-income households, making it exempt for 12 years. Each tax exemption certificate recipient must submit an annual report to the city or county. If a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements plus a 20 percent penalty and interest.

Aerospace Incentives

The state of Washington provides tax abatement programs to the aerospace industry to encourage the industry's continued presence in the state.

RCW 82.04.260(11), 82.04.290(3), and 82.04.250(3) allow for a reduced business and occupation (B&O) tax for manufacturers and processors for hire of commercial airplanes, component parts of commercial airplanes, or tooling designed for use in manufacturing commercial airplanes or components; non-manufacturers engaged in the business of aerospace product development; and certificated Federal Acquisition Regulation (FAR) repair stations making retail sales.

RCW 82.04.4461 allows a B&O tax credit equal to 1.5 percent of expenditures on aerospace product development performed within Washington. A business claiming the credit must file an annual report with DOR.

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a B&O tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. The credit for machinery and equipment is equal to the amount of property taxes paid on the machinery and equipment multiplied by a fraction as prescribed in the RCW.

Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components. A business claiming the credit must file an annual report with DOR.

Non-manufacturers engaged in the business of aerospace product development and certificated FAR repair stations making retail sales are eligible for a B&O tax credit equal to property and leasehold taxes on certain buildings, land, and the increased value of renovated buildings, and qualifying computer equipment and peripherals under RCW 82.04.4463. Eligibility for the credit requires the building, land, and/or computer equipment and peripherals be used exclusively in aerospace product

development or in providing aerospace services. A business claiming the credit must file an annual report with DOR.

The purchase and use of computer hardware, software, or peripherals, including installation charges, is exempt from sales and use tax per RCW 82.08.975 and 82.12.975 if the item is used primarily in developing, designing, and engineering aerospace products. The purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase.

The purchase of goods and services, including labor, for the construction of new buildings used to manufacture commercial airplanes or fuselages or wings of commercial airplanes are exempt from sales and use tax per RCW 82.08.980 and 82.12.980. The exemption also applies to new buildings or parts of new buildings used for storing raw materials or finished products used to manufacture commercial airplanes and certain commercial airplane parts. Port districts, political subdivisions, or municipal corporations may also use the sales and use tax exemption when constructing new facilities to lease to these manufacturers. The eligible purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase. The amount of sales and use tax abated from this exemption cannot be disclosed because there are fewer than three taxpayers that received the exemption in fiscal year 2020 per RCW 82.32.330(2).

The following table shows the amount of taxes abated during fiscal year 2020 (expressed in thousands):

Tax Abatement Program	Amount of Taxes Abated
Data center server equipment and power infrastructure exemption	\$ 33,390
High-technology business tax deferral program	31,873
Multi-unit urban housing tax exemption	28,434
Aerospace incentives:	
Reduced B&O tax rate	65,509
Aerospace product development expenditures credit	70,408
Aerospace business facilities credit	35,939
Computer hardware, software, and peripherals exemption	6,037
TOTAL	\$ 271,590

Note 15

Commitments and Contingencies

A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$1.84 billion at June 30, 2020.

B. ENCUMBRANCES

Encumbrances, which represent commitments related to unperformed contracts for goods or services, are included in restricted, committed, or assigned fund balance, as appropriate. Operating encumbrances lapse at the end of the applicable appropriation period. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at the end of fiscal year 2020 are expressed in thousands):

General Fund	\$	179,961
Higher Education Special Revenue Fund		15,935
Nonmajor Governmental Funds		1,522,117

C. SUMMARY OF SIGNIFICANT LITIGATION

Pending Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. In addition, at any given point, there may be numerous lawsuits involving the implementation, reduction, or elimination of specific state programs that could significantly impact expenditures and revenues, and potentially have future budgetary impact. This summary considers significant litigation not covered by tort insurance. Tort case liabilities are disclosed in Note 7.E, Claims and Judgments, Risk Management.

The state is the defendant in a number of cases alleging inadequate funding of state programs or services, as well as various assertions by unions representing individual service providers. Claims include insufficient funding for the provision of mental health services to Medicaid eligible children; insufficient competency services at state hospitals; and back wages due to individual providers. Collective claims in these programmatic and service cases exceed \$35 million. In addition, adverse rulings in some of these cases could result in significant future costs.

The state is contesting these lawsuits and the outcomes are uncertain at this time.

Tobacco Settlement

In November 1998, Washington joined 45 other states in a Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers to provide restitution for monies spent under health care programs for the treatment of smoking-related illnesses.

The annual payments to each state under the MSA are subject to a number of adjustments, including the nonparticipating manufacturer (NPM) adjustment. The NPM adjustment is a downward adjustment that is applicable to any state found by an arbitration panel not to have diligently enforced the qualifying statute. The amount of the available adjustment is calculated every year by Price Waterhouse Coopers and is typically \$1.25 billion. States found not diligent share the costs of that downward adjustment and the adjustment is applied against the next annual MSA payment. No state can lose more than its entire annual payment.

For every annual MSA payment cycle since 2006, the participating manufacturers have withheld the amount of the available NPM adjustment from their MSA payments claiming all of the states were not diligent, depositing the amount of the available adjustment into a Disputed Payments Account. For Washington, the amount withheld from each payment has been in the range of approximately \$17.5 million to \$22.2 million. The states are required to sue the participating manufacturers to recover the withheld amounts.

The withholding in 2006 challenged the states' diligence for calendar year 2003. That challenge marked the first time the NPM adjustment procedure was involved and led to diligent enforcement arbitrations. The arbitration occurred in two stages: a national hearing on "common issues" and then state's specific case.

During the 2003 NPM adjustment dispute, 22 states settled their dispute. The participating manufacturers agreed to a 54 percent reduction in their annual MSA payments and to additional NPM enforcement obligations. On September 11, 2013, the arbitration panel issued a decision in Washington's favor, unanimously concluding that Washington proved that it diligently enforced the qualifying statute during calendar year 2003 and therefore, for that calendar year, is not subject to an NPM adjustment under the MSA. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received.

The 2004 NPM adjustment dispute is currently underway. The common issues trial was completed in June 2017 and Washington's state-specific hearing was completed in April 2018. The final state's hearing was completed in July 2019. All diligence determinations are embargoed until

decisions for all states are made and all decisions are released simultaneously.

In September 2019, one of the states' three elected arbitration panel members passed away before any decisions were finalized. The states subsequently selected a replacement who will review all filings and transcripts and then participate in the Panel's decisions. Washington faces a potential downward NPM adjustment in its 2020 MSA payment between \$14 and \$137 million for the year 2004 if found not diligent. If Washington wins the 2004 dispute, the state will receive its full MSA payment plus the \$14.5 million that was withheld in 2007 and the earnings on that amount from the Disputed Payments Account.

D. FEDERAL ASSISTANCE

The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies.

Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state.

The state estimates and recognizes claims and judgments liabilities for disallowances when determined by the grantor agency or for probable disallowances based on experience pertaining to these grants; however, these recognized liabilities and any unrecognized disallowances are considered immaterial to the state's overall financial condition.

E. ARBITRAGE REBATE

Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue.

The rebatable arbitrage must be paid to the federal government. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

F. FINANCIAL GUARANTEES

School District Credit Enhancement Program

In accordance with chapter 39.98 RCW (School District Credit Enhancement Program), the state has guaranteed outstanding voter-approved general obligation bonds of school districts within the state in the amount of \$15.52

billion at June 30, 2020. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2043.

In the event that a school district has insufficient funds to make a required debt service payment on a guaranteed bond, the state is required to transfer sufficient funds to make the payment. School districts for which the state has made all or part of a debt service payment shall reimburse the state for all money drawn on their behalf, as well as interest and penalties. The state has not paid debt service on any school debt since the inception of the program in 2000.

G. COLUMBIA RIVER CROSSING

The Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT) worked together, along with federal and local agencies, on the Columbia River Crossing (CRC) project. The CRC project was a bridge, transit, highway, bicycle, and pedestrian improvement project intended to replace the existing two highway spans on Interstate 5 (I-5) across the Columbia River, along with new interchanges on both the Washington and Oregon sides of the river. It also included extension of light rail public transit into Vancouver, Washington.

In 2014, the CRC project was shut down due to lack of funding by both the Washington and Oregon legislatures. During the project, WSDOT expended approximately \$54 million in federal funds, of which \$15 million was jointly awarded to Washington and Oregon.

Under Federal Highway Administration (FHWA) policy, failure to advance a project to the construction phase within 10 years of the initial obligation of funds could trigger a requirement to repay federal funds used on the project. FHWA has granted Washington and Oregon an extension to September 30, 2024.

In 2019, the Washington Legislature provided \$35 million to establish a project office jointly staffed by Washington and Oregon. The funding also covers pre-design activities to replace the I-5 Columbia River bridge crossing. The Oregon Transportation Commission has allocated \$9 million as the state's initial contribution to restarting the work.

In April 2020, WSDOT and ODOT signed a funding and administration agreement committing to jointly approve expenditures and equally fund the program. A program administrator was hired in June 2020 to act on behalf of both states.

In August 2020, the Oregon Transportation Commission approved an additional \$4 million to be obligated to the program. WSDOT and ODOT have initiated program

development efforts. Community engagement, preliminary engineering, and data collection are scheduled to begin in fall 2020.

H. OTHER COMMITMENTS AND CONTINGENCIES

Local Option Capital Asset Lending Program

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost financing of essential equipment and, in the year 2000, for real estate. The Local Option Capital Assets Lending (LOCAL) program allows local governments to pool their financing requests together with Washington state agencies in Certificates of Participation (COPs). Refer to Note 7.B for the state's COP disclosure.

These COPs do not constitute a debt or pledge of the full faith and credit of the state; rather, local governments pledge their full faith and credit in a general obligation pledge.

In the event that any local government fails to make any payment, the state is obligated to withhold an amount sufficient to make such payment from the local government's share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such local government, if otherwise legally permissible.

Upon failure of any local government to make a payment, the state is further obligated, to the extent of legally available appropriated funds to make such payment on behalf of such local government. The local government remains obligated to make all COP payments and reimburse the state for any conditional payments.

As of June 30, 2020, outstanding COP notes totaled \$72.2 million for 127 local governments participating in LOCAL. The state estimates that the LOCAL program liability, if any, will be immaterial to its overall financial condition.

Note 16

Subsequent Events

A. BOND ISSUES

In July 2020, the state issued:

- \$493.9 million in general obligation bonds to provide funds to pay and reimburse for various state capital projects.
- \$115.0 million in motor vehicle fuel tax and vehicle related fees general obligation bonds to provide funds to pay and reimburse for construction of state and local highway improvements and preservation projects, including those that are identified as Connecting Washington projects.
- \$36.5 million in taxable general obligation bonds to provide funds to pay and reimburse for various non-transportation capital projects.

In October 2020, the state issued:

- \$105.0 million in general obligation refunding bonds for the purpose of refunding certain various general obligation bonds of the state.

In September 2020, Western Washington University issued \$21.8 million in general revenue refunding bonds to refund, refinance, and restructure debt service.

B. CERTIFICATES OF PARTICIPATION

In July 2020, the state issued \$67.4 million in Certificates of Participation (COP), including \$12.8 million of taxable COPs. The taxable portion of the COPs will be used fund real property for the benefit of a Local Agency.

In October 2020, the state issued \$75.2 million in COPs, of which \$29.8 million were refunding COPs.

C. CASH DEFEASANCE

In October 2020, the state purchased U.S. government securities and placed them in an escrow account with US Bank to legally defease \$10.4 million of fiscal year 2021 debt service from Motor Vehicle Fuel Tax General Obligation Bonds (SR 520 Corridor Program - Toll Revenue), Series 2012C.

D. STATE SUPREME COURT RULING

Article II, Section 19 of the Washington State Constitution prohibits a bill from containing more than one subject and requires the subject to be accurately expressed in the bill title. On October 15, 2020, the Washington Supreme Court struck down Initiative 976 (I-976) as unconstitutional, ruling the measure violated Article II, Section 19.

Initiative 976 would repeal, reduce, or remove authority to impose certain vehicle taxes and fees, and would limit annual motor vehicle license fees to \$30 with certain exceptions. I-976 passed in November 2019 and was to become effective during fiscal year 2020. However, a lawsuit arguing that I-976 violated the state Constitution was filed. The state began to set aside its portion of car-tab tax money in case the measure was upheld and those funds would have to be refunded. With the Washington Supreme Court ruling, the \$136 million state portion that was set aside is now available to spend upon legislative appropriation, mostly on transportation projects.

E. BOEING DECISION

On October 1, 2020, Boeing announced a decision to consolidate the manufacturing of the Boeing 787 in South

Carolina and end production of the 787 in the Everett, Washington plant. The immediate impact is estimated at about 1,000 direct jobs lost, consisting of production work on the final assembly line and in fabrication and interior cabin shops, plus support employees. Even before the 787 news, Boeing had announced that it will cut 12,600 jobs in Washington state in calendar year 2020 through a combination of buyouts and layoffs because of the steep aviation downturn due to coronavirus. The full economic impact is unknown, but the effect on the state's business and occupation tax and sales tax revenue is expected beginning in the third quarter of fiscal year 2021.

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Required Supplementary Information

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BUDGETARY COMPARISON SCHEDULES

General Fund

For the Fiscal Year Ended June 30, 2020

(expressed in thousands)

	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 3,265,160	\$ 3,265,160	\$ 3,265,160	\$ —
Resources				
Taxes	48,881,435	44,702,947	23,366,236	(21,336,711)
Licenses, permits, and fees	245,094	254,886	137,138	(117,748)
Other contracts and grants	903,905	876,284	325,895	(550,389)
Timber sales	7,740	8,241	4,559	(3,682)
Federal grants-in-aid	25,740,835	26,619,334	12,456,043	(14,163,291)
Charges for services	111,396	111,197	50,340	(60,857)
Investment income (loss)	92,309	67,521	39,244	(28,277)
Miscellaneous revenue	504,520	484,822	195,943	(288,879)
Unclaimed property	178,743	208,584	110,410	(98,174)
Transfers from other funds	2,087,173	2,116,426	1,008,686	(1,107,740)
Total Resources	82,018,310	78,715,402	40,959,654	(37,755,748)
Charges To Appropriations				
General government	4,666,396	5,055,678	2,472,374	2,583,304
Human services	40,112,938	41,554,134	19,479,551	22,074,583
Natural resources and recreation	902,718	968,834	424,741	544,093
Transportation	150,242	155,489	67,144	88,345
Education	31,757,555	31,122,516	14,884,953	16,237,563
Capital outlays	1,050,822	1,061,795	158,782	903,013
Transfers to other funds	851,816	868,339	522,225	346,114
Total Charges To Appropriations	79,492,487	80,786,785	38,009,770	42,777,015
Excess Available For Appropriation Over (Under) Charges To Appropriations	2,525,823	(2,071,383)	2,949,884	5,021,267
Reconciling Items				
Bond sale proceeds	375,491	379,030	97,409	(281,621)
Issuance premiums	—	—	1,272	1,272
Assumed reversions	353,704	420,086	—	(420,086)
Working capital adjustment	—	—	(447,000)	(447,000)
Noncash activity (net)	—	—	81,292	81,292
Nonappropriated fund balances	—	—	184,581	184,581
Changes in reserves (net)	—	—	118,320	118,320
Total Reconciling Items	729,195	799,116	35,874	(763,242)
Budgetary Fund Balance, June 30	\$ 3,255,018	\$ (1,272,267)	\$ 2,985,758	\$ 4,258,025

The separately submitted report that demonstrates compliance at a legal level of budgetary control is traceable to the Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual found in the Individual Fund Schedules section.

BUDGETARY COMPARISON SCHEDULES

General Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2020

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 40,959,654
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(1,008,686)
Budgetary fund balance at the beginning of the biennium, as restated	(3,265,160)
Appropriated loan principal repayment	(129)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	1,452,860
Revenues collected for other governments	129,850
Unanticipated receipts	602,834
Noncash revenues	7,235
Other	57,755
Biennium total revenues	38,936,213
Nonappropriated activity	41,197
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 38,977,410

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 38,009,770
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(1,808,559)
Other transfers to other funds	(522,225)
Appropriated loan disbursements	(17)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	1,452,860
Distributions to other governments	129,850
Certificates of participation and capital lease acquisitions	11,640
Expenditures related to unanticipated receipts	602,834
Other	6,981
Biennium total expenditures	37,883,134
Nonappropriated activity	432,321
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 38,315,455

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

(expressed in thousands)

	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 1,325,579	\$ 1,325,579	\$ 1,325,579	\$ —
Resources				
Taxes	1,018,660	1,797,896	904,811	(893,085)
Investment income (loss)	6,404	489	22,648	22,159
Miscellaneous revenue	1,771	1,822	—	(1,822)
Transfers from other funds	182,160	190,350	96,764	(93,586)
Total Resources	2,534,574	3,316,136	2,349,802	(966,334)
Charges To Appropriations				
General government	432	432	201	231
Human services	37,977	37,977	16,393	21,584
Education	2,196,099	2,775,370	1,328,779	1,446,591
Transfers to other funds	30,175	30,834	16,764	14,070
Total Charges To Appropriations	2,264,683	2,844,613	1,362,137	1,482,476
Excess Available For Appropriation Over (Under) Charges To Appropriations	269,891	471,523	987,665	516,142
Reconciling Items				
Working Capital Adjustment	—	—	14,669	14,669
Noncash activity (net)	—	—	9,316	9,316
Nonappropriated fund balances	—	—	2,910,023	2,910,023
Changes in reserves (net)	—	—	(45,461)	(45,461)
Total Reconciling Items	—	—	2,888,547	2,888,547
Budgetary Fund Balance, June 30	\$ 269,891	\$ 471,523	\$ 3,876,212	\$ 3,404,689

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2020

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 2,349,802
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(96,764)
Budgetary fund balance at the beginning of the biennium, as restated	(1,325,579)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	2
Biennium total revenues	927,461
Nonappropriated activity	6,087,067
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,014,528

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 1,362,137
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(91,985)
Other transfers to other funds	(16,764)
Biennium total expenditures	1,253,388
Nonappropriated activity	5,768,278
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 7,021,666

BUDGETARY INFORMATION

Notes to Required Supplementary Information

GENERAL BUDGETARY POLICIES AND PROCEDURES

The Governor is required to submit a budget to the Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature.

The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedule is not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a

presentation in the accompanying financial schedule extremely cumbersome. Section 2400.121 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases.

For the state of Washington, a separate report has been prepared for the 2019-21 biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds/accounts at agency and appropriation level are presented in the Budget-to-Actual Detail Report for governmental funds. The report is available on line at [https://ofm.wa.gov/sites/default/files/public/accounting/report/CAFR/2020/Washington State Budget to Actual Detail Report.pdf](https://ofm.wa.gov/sites/default/files/public/accounting/report/CAFR/2020/Washington%20State%20Budget%20to%20Actual%20Detail%20Report.pdf).

Legislative appropriations are strict legal limits on expenditures; over-expenditures are prohibited. All appropriated and certain nonappropriated funds/accounts are further controlled by the executive branch through the allotment process. This process allocates the expenditure plan into monthly allotments by program, source of funds, and object of expenditure. State law does not preclude the over-expenditure of allotments.

Proprietary funds/accounts can earn revenues and incur expenses (i.e., depreciation or cost of goods sold) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund/account business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. The Office of Financial Management is authorized to estimate revenue and make expenditure allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year-end are reported as restricted, committed, or assigned fund balance.

Budgetary Reporting vs. GAAP Reporting

Governmental funds are budgeted materially in conformance with generally accepted accounting principles. However, the presentation in the

accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement). In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These include activities designated as nonappropriated by the Legislature. Nonappropriated activities can represent a portion of a fund such as the Higher Education Special Revenue Fund or all of a fund such as the Higher Education Endowment and Tobacco Settlement Securitization Bond Debt Service Funds. Additionally, certain items including federal surplus food commodities, electronic food stamp benefits, and resources collected and distributed to other governments are also excluded because they are not appropriated.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements.

In the General Fund, Budgetary Fund Balance equals restricted fund balance reduced by a portion that is not available for budgeting, committed, and unassigned fund balances as reported on the Governmental Funds Balance Sheet. In the Higher Education Special Revenue Fund, Budgetary Fund Balance equals the sum of restricted and committed fund balance as reported on the Governmental Funds Balance Sheet. In all other funds except Wildlife and Natural Resources, Budgetary Fund Balance equals total fund balance less nonspendable fund balance as reported on the Governmental Funds Balance Sheet. The Budgetary Fund Balance in the Wildlife and Natural Resources fund is further reduced by a portion of restricted fund balance that is not available for budgeting.

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State Patrol Retirement System - Plan 1/2

Last Seven Measurement Years *
(expressed in thousands)

	2019	2018	2017
Total Pension Liability			
Service cost	\$ 22,671	\$ 21,083	\$ 18,474
Interest	96,629	94,569	90,560
Changes of benefit terms	—	—	4,830
Differences between expected and actual experience	4,254	13,974	23,702
Changes in assumptions	—	(24,367)	20,921
Benefit payments, including refunds of member contributions	(64,370)	(59,634)	(56,821)
Net Change in Total Pension Liability	59,184	45,625	101,666
Total Pension Liability - Beginning	1,314,734	1,269,109	1,167,443
Total Pension Liability - Ending	\$ 1,373,918	\$ 1,314,734	\$ 1,269,109
Plan Fiduciary Net Position			
Contributions - employer	\$ 14,700	\$ 14,203	\$ 7,587
Contributions - employee	10,744	9,922	10,454
Net investment income	111,123	113,597	151,021
Benefit payments, including refunds of employee contributions	(64,370)	(59,634)	(56,821)
Administrative expense	(131)	(131)	(53)
Other	769	650	524
Net Change in Plan Fiduciary Net Position	72,835	78,607	112,712
Plan Fiduciary Net Position - Beginning	1,289,446	1,210,839	1,098,127
Plan Fiduciary Net Position - Ending	\$ 1,362,281	\$ 1,289,446	\$ 1,210,839
State's Net Pension Liability/(Asset) - Ending	\$ 11,637	\$ 25,288	\$ 58,270
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability /(Asset)	99.15 %	98.08 %	95.41 %
Covered Payroll	\$ 111,612	\$ 109,243	\$ 93,053
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	10.43 %	23.15 %	62.62 %

N/A indicates not available.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary.

	2016		2015		2014		2013
\$	16,534	\$	16,633	\$	18,041		N/A
	83,373		80,037		75,249		N/A
	1,947		2,258		—		N/A
	(10,431)		8,883		—		N/A
	2		17		—		N/A
	(54,159)		(50,075)		(47,510)		N/A
	37,266		57,753		45,780		N/A
	1,130,177		1,072,424		1,026,644		N/A
\$	1,167,443	\$	1,130,177	\$	1,072,424	\$	1,026,644
\$	7,044	\$	6,679	\$	6,587		N/A
	8,895		6,323		6,555		N/A
	25,352		49,046		176,856		N/A
	(54,159)		(50,075)		(47,510)		N/A
	(60)		(67)		(84)		N/A
	429		293		509		N/A
	(12,499)		12,199		142,913		N/A
	1,110,626		1,098,427		955,514		N/A
\$	1,098,127	\$	1,110,626	\$	1,098,427	\$	955,514
\$	69,316	\$	19,551	\$	(26,003)	\$	71,130
	94.06 %		98.27 %		102.42%		93.07%
\$	86,660	\$	84,388	\$	85,046	\$	81,895
	79.99 %		23.17 %		-30.58%		86.86%

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System

Last Seven Measurement Years *

(expressed in thousands)

	2019	2018	2017
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	3,078	3,200	2,874
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(1,793)	(2,844)	1,047
Changes in assumptions	2,372	(2,063)	(6,329)
Benefit payments, including refunds of employee contributions	(7,958)	(8,325)	(8,723)
Net Change in Total Pension Liability	(4,301)	(10,032)	(11,131)
Total Pension Liability - Beginning	83,479	93,511	104,642
Total Pension Liability - Ending	\$ 79,178	\$ 83,479	\$ 93,511
Plan Fiduciary Net Position			
Contributions - employer	\$ 8,400	\$ 8,700	\$ 9,300
Contributions - employee	—	—	—
Net investment income	166	80	45
Benefit payments, including refunds of employee contributions	(7,958)	(8,325)	(8,723)
Administrative expense	—	—	—
Other	—	—	—
Net Change in Plan Fiduciary Net Position	608	455	622
Plan Fiduciary Net Position - Beginning	7,852	7,397	6,775
Plan Fiduciary Net Position - Ending	\$ 8,460	\$ 7,852	\$ 7,397
State's Net Pension Liability/(Asset) - Ending	\$ 70,718	\$ 75,627	\$ 86,114
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	10.68 %	9.41 %	7.91 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/Asset as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees beginning in 2014.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

	2016		2015		2014		2013
\$	—	\$	—	\$	—		N/A
	3,704		4,382		4,319		N/A
	—		—		—		N/A
	20		1,590		—		N/A
	8,737		4,335		—		N/A
	(9,131)		(9,336)		(9,480)		N/A
	3,330		971		(5,161)		N/A
	101,312		100,341		105,502		N/A
\$	104,642	\$	101,312	\$	100,341	\$	105,502
\$	9,500	\$	10,600	\$	10,600		N/A
	—		—		—		N/A
	74		38		25		N/A
	(9,131)		(9,336)		(9,480)		N/A
	(1)		—		—		N/A
	—		—		—		N/A
	442		1,302		1,145		N/A
	6,333		5,031		3,886		N/A
\$	6,775	\$	6,333	\$	5,031	\$	3,886
\$	97,867	\$	94,979	\$	95,310	\$	101,616
	6.47 %		6.25 %		5.01%		3.68%
	N/A		N/A		N/A	\$	160
	N/A		N/A		N/A		635.10 %

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judges' Retirement Fund

Last Seven Measurement Years *

(expressed in thousands)

	2019	2018	2017
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	89	95	88
Changes of benefit terms	—	—	—
Differences between expected and actual experience	161	(39)	194
Changes of assumptions	50	(43)	(129)
Benefit payments, including refunds of member contributions	(338)	(396)	(402)
Net Change in Total Pension Liability	(38)	(383)	(249)
Total Pension Liability - Beginning	2,465	2,848	3,097
Total Pension Liability - Ending	\$ 2,427	\$ 2,465	\$ 2,848
Plan Fiduciary Net Position			
Contributions--state	\$ 500	\$ 500	\$ 499
Contributions--member	—	—	—
Net investment income	17	8	4
Benefit payments, including refunds of member contributions	(338)	(396)	(402)
Administrative expense	—	—	—
Other	—	—	—
Net Change in Plan Fiduciary Net Position	179	112	101
Plan Fiduciary Net Position - Beginning	795	683	582
Plan Fiduciary Net Position - Ending	\$ 974	\$ 795	\$ 683
Plan's Net Pension Liability (Asset) - Ending	\$ 1,453	\$ 1,670	\$ 2,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability /(Asset)	40.13 %	32.25 %	23.98 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

	2016		2015		2014		2013
\$	—	\$	—	\$	—		N/A
	116		138		137		N/A
	—		—		—		N/A
	123		182		—		N/A
	181		95		—		N/A
	(440)		(444)		(444)		N/A
	(20)		(29)		(307)		N/A
	3,117		3,146		3,453		N/A
\$	3,097	\$	3,117	\$	3,146	\$	3,453
\$	501	\$	—	\$	—		N/A
	—		—		—		N/A
	6		4		7		N/A
	(440)		(444)		(444)		N/A
	—		—		—		N/A
	—		—		—		N/A
	67		(440)		(437)		N/A
	515		955		1,392		N/A
\$	582	\$	515	\$	955	\$	1,392
\$	2,515	\$	2,602	\$	2,191	\$	2,061
	18.79%		16.52%		30.36%		40.31%
	N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Contributions

Washington State Patrol Retirement System - Plan 1/2

Last Ten Fiscal Years

(expressed in thousands)

Year		Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)		Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$	25,167	\$ 19,897	\$ 5,270	\$	113,704	17.50 %
2019		17,020	14,700	2,320		111,612	13.17 %
2018		16,648	14,203	2,445		109,243	13.00 %
2017		8,179	7,587	592		93,053	8.15 %
2016		7,618	7,044	574		86,660	8.13 %
2015		6,810	6,679	131		84,388	7.91 %
2014		6,677	6,587	90		85,046	7.75 %
2013		2,500	6,478	(3,978)		81,895	7.91 %
2012		2,900	6,454	(3,554)		81,578	7.91 %
2011		2,300	5,251	(2,951)		81,882	6.41 %

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Judicial Retirement System

Last Ten Fiscal Years

(expressed in thousands)

Year		Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)		Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$	7,643	\$ 7,800	\$ (157)	\$	—	N/A
2019		7,914	8,400	(486)		—	N/A
2018		8,317	8,700	(383)		—	N/A
2017		8,761	9,300	(539)		—	N/A
2016		8,999	9,500	(501)		—	N/A
2015		9,132	10,600	(1,468)		—	N/A
2014		9,205	10,600	(1,395)		—	N/A
2013		21,700	10,112	11,588		160	6320.00 %
2012		22,600	8,131	14,469		407	1997.79 %
2011		18,600	10,906	7,694		611	1784.94 %

Contributions in relation to the Actuarially Determined Contributions are based on state contributions. Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. Beginning in 2014, there are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Contributions
Judges' Retirement Fund

Last Ten Fiscal Years

(expressed in thousands)

Year		Actuarially Determined Contributions		Contributions in Relation to the Actuarially Determined Contributions		Contribution Deficiency (Excess)		Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	\$	328	\$	400	\$	(72)	\$	—	N/A
2019		395		500		(105)		—	N/A
2018		395		500		(105)		—	N/A
2017		439		499		(60)		—	N/A
2016		444		501		(57)		—	N/A
2015		539		—		539		—	N/A
2014		425		—		425		—	N/A
2013		400		—		400		—	N/A
2012		300		—		300		—	N/A
2011		100		—		100		—	N/A

Contributions in relation to the Actuarially Determined Contributions are based on state contributions. Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. There are no active employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State PERS Plan 1 employers' proportion of the net pension liability/(asset)	41.80 %	41.97 %	41.88 %	41.99 %	41.57 %	42.37 %
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$1,607,475	\$1,874,226	\$1,987,268	\$2,255,244	\$2,174,623	\$2,134,189
Covered payroll of employees participating in PERS Plan 1	\$ 54,779	\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
Covered payroll of employees participating in PERS Plan 2/3	5,469,217	5,237,495	4,928,806	4,648,843	4,363,171	4,215,934
Covered payroll of employees participating in PSERS Plan 2	321,991	198,511	175,395	155,768	140,977	130,172
Covered Payroll	\$5,845,987	\$5,505,336	\$5,189,542	\$4,907,846	\$4,624,834	\$4,489,942
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	27.50 %	34.04 %	38.29 %	45.95 %	47.02 %	47.53 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %	61.19 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	50.50 %	50.41 %	50.20 %	49.72 %	49.10 %	49.27 %
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 490,544	\$ 860,776	\$1,744,067	\$2,503,313	\$1,754,418	\$ 995,856
State PERS Plan 2/3 employers' covered payroll	\$5,469,217	\$5,237,495	\$4,928,806	\$4,648,843	\$4,363,171	\$4,215,934
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	8.97 %	16.43 %	35.39 %	53.85 %	40.21 %	23.62 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %	93.29 %

* This schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State TRS Plan 1 employers' proportion of the net pension liability/(asset)	1.09 %	1.10 %	1.03 %	0.97 %	0.86 %	0.78 %
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 27,102	\$ 32,177	\$ 31,172	\$ 33,026	\$ 27,186	\$ 22,924
Covered payroll of employees participating in TRS Plan 1	\$ 1,557	\$ 1,893	\$ 2,475	\$ 5,735	\$ 3,913	\$ 4,611
Covered payroll of employees participating in TRS Plan 2/3	43,082	61,292	52,534	41,803	33,705	25,673
Covered Payroll	\$ 44,639	\$ 63,185	\$ 55,009	\$ 47,538	\$ 37,618	\$ 30,284
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	60.71 %	50.93 %	56.67 %	69.47 %	72.27 %	75.70 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	70.37 %	66.52 %	65.58 %	62.07 %	65.70 %	68.77 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State TRS Plan 2/3 employers' proportion of the net pension liability/(asset)	1.06 %	1.06 %	0.96 %	0.87 %	0.72 %	0.59 %
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 6,389	\$ 4,757	\$ 8,873	\$ 11,896	\$ 6,107	\$ 1,913
State TRS Plan 2/3 employers' covered payroll	\$ 43,082	\$ 61,292	\$ 52,534	\$ 41,803	\$ 33,705	\$ 25,673
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	14.83 %	7.76 %	16.89 %	28.46 %	18.12 %	7.45 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	96.36 %	96.88 %	93.14 %	88.72 %	92.48 %	96.81 %

* This schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Safety Employees' Retirement System (PSERS) Plan 2**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State PSERS Plan 2 employers' proportion of the net pension liability/(asset)	54.61 %	50.48 %	49.14 %	47.97 %	47.93 %	48.26 %
State PSERS Plan 2 employers' proportionate share of the net pension liability / (asset)	\$ (7,101)	\$ 625	\$ 9,628	\$ 20,386	\$ 8,748	\$ (6,988)
State PSERS Plan 2 employers' covered payroll	\$ 321,991	\$ 198,511	\$ 175,395	\$ 155,768	\$ 140,977	\$ 130,172
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-2.21 %	0.32 %	5.49 %	13.09 %	6.21 %	-5.37 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.85 %	99.79 %	96.26 %	90.41 %	95.08 %	105.01 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State's nonemployer proportion of the net pension liability/(asset)	87.12 %	87.12 %	87.12 %	87.12 %	87.12 %	87.12 %
State as nonemployer contributing entity proportionate share of the net pension liability/(asset)	\$ (1,722,024)	\$ (1,581,665)	\$ (1,321,802)	\$ (897,585)	\$ (1,049,988)	\$ (1,056,583)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	148.78 %	144.42 %	135.96 %	123.74 %	127.36 %	126.91 %

* This schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2**

Last Six Measurement Years *

(expressed in thousands)

	2019	2018	2017	2016	2015	2014
State LEOFF Plan 2 employers' proportion of the net pension liability/(asset)	0.90 %	0.87 %	0.85 %	0.88 %	0.83 %	0.84%
State as nonemployer contributing entity proportion of the net pension liability/(asset)	39.57 %	39.30 %	39.35 %	39.46 %	39.80 %	39.52 %
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (20,782)	\$ (17,707)	\$ (11,823)	\$ (5,113)	\$ (8,580)	\$ (11,164)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(916,765)	(797,902)	(545,988)	(229,538)	(409,091)	(524,419)
Total	\$ (937,547)	\$ (815,609)	\$ (557,811)	\$ (234,651)	\$ (417,671)	\$ (535,583)
State LEOFF Plan 2 employers' covered payroll	\$ 23,388	\$ 21,892	\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-88.86%	-80.88%	-57.97%	-25.79%	-45.77%	-61.14%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	119.43%	118.50%	113.36%	106.04%	111.67%	116.75%

* This schedule is to be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually required contributions (CRC)	\$	304,870	\$	299,745	\$ 280,513
Employer contributions related to covered payroll of employees participating in PERS Plan 1	\$	5,665	\$	7,092	\$ 8,769
Employer UAAL contributions related to covered payroll of employees participating in PERS Plan 2/3 and PSERS Plan 2		299,205		292,653	271,744
Contributions in relation to the actuarially determined contributions		304,870		299,745	280,513
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered payroll of employees participating in PERS Plan 1	\$	43,909	\$	54,779	\$ 69,330
Covered payroll of employees participating in PERS Plan 2/3		5,902,886		5,469,217	5,237,495
Covered payroll of employees participating in PSERS Plan 2		509,511		321,991	198,511
Covered Payroll	\$	6,456,306	\$	5,845,987	\$ 5,505,336
Contributions as a percentage of covered payroll		4.72 %		5.13 %	5.10 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually Required Contributions	\$	466,005	\$	412,466	\$ 389,001
Contributions in relation to the contractually required contributions		466,005		412,466	389,001
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered Payroll	\$	5,902,886	\$	5,469,217	\$ 5,237,495
Contributions as a percentage of covered payroll		7.89 %		7.54 %	7.43 %

* This schedule is to be built prospectively until it contains ten years of data.

	2017		2016		2015		2014
\$	251,924	\$	238,158	\$	191,618	\$	188,639
\$	9,537	\$	11,385	\$	11,072	\$	12,964
	242,387		226,773		180,546		175,675
	251,924		238,158		191,618		188,639
\$	—	\$	—	\$	—	\$	—
\$	85,341	\$	103,235	\$	120,686	\$	143,836
	4,928,806		4,648,843		4,363,171		4,215,935
	175,395		155,768		140,977		130,172
\$	5,189,542	\$	4,907,846	\$	4,624,834	\$	4,489,943
	4.85 %		4.85 %		4.14 %		4.20 %

	2017		2016		2015		2014
\$	306,591	\$	287,049	\$	219,395	\$	209,455
	306,591		287,049		219,395		209,455
\$	—	\$	—	\$	—	\$	—
\$	4,928,806	\$	4,648,843	\$	4,363,171	\$	4,215,935
	6.22 %		6.17 %		5.03 %		4.97 %

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually required contributions	\$	6,215	\$	5,436	\$ 4,582
Employer contributions related to covered payroll of employees participating in TRS Plan 1	\$	225	\$	241	\$ 272
Employer UAAL contributions related to covered payroll of employees participating in TRS Plan 2/3		5,990		5,195	4,310
Contributions in relation to the actuarially determined contributions		6,215		5,436	4,582
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered payroll of employees participating in TRS Plan 1	\$	1,431	\$	1,557	\$ 1,893
Covered payroll of employees participating in TRS Plan 2/3		83,176		43,082	61,292
Covered Payroll	\$	84,607	\$	44,639	\$ 63,185
Contributions as a percentage of covered payroll		7.35 %		12.18 %	7.25 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually required contributions	\$	6,730	\$	5,542	\$ 4,699
Contributions in relation to the contractually required contributions		6,730		5,542	4,699
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered Payroll	\$	83,176	\$	43,082	\$ 61,292
Contributions as a percentage of covered payroll		8.09 %		12.86 %	7.67 %

* This schedule is to be built prospectively until it contains ten years of data.

	2017		2016		2015		2014
\$	3,608	\$	2,940	\$	1,920	\$	1,537
\$	326	\$	369	\$	388	\$	451
	3,282		2,571		1,532		1,086
	3,608		2,940		1,920		1,537
\$	—	\$	—	\$	—	\$	—
\$	2,475	\$	5,735	\$	3,913	\$	4,611
	52,534		41,803		33,705		25,673
\$	55,009	\$	47,538	\$	37,618	\$	30,284
	6.56 %		6.18 %		5.10 %		5.08 %

	2017		2016		2015		2014
\$	3,542	\$	2,827	\$	1,924	\$	1,454
	3,542		2,827		1,924		1,454
\$	—	\$	—	\$	—	\$	—
\$	52,534	\$	41,803	\$	33,705	\$	25,673
	6.74 %		6.76 %		5.71 %		5.66 %

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions

Public Safety Employees' Retirement System (PSERS) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually Required Contributions	\$	27,498	\$	17,602	\$ 13,330
Contributions in relation to the contractually required contributions		27,498		17,602	13,330
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered Payroll	\$	509,511	\$	321,991	\$ 198,511
Contributions as a percentage of covered payroll		5.40 %		5.47 %	6.72 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2020		2019		2018
Contractually Required Contributions	\$	1,721	\$	1,654	\$ 1,512
Contributions in relation to the contractually required contributions		1,721		1,654	1,512
Contribution Deficiency (Excess)	\$	—	\$	—	\$ —
Covered Payroll	\$	25,410	\$	23,388	\$ 21,892
Contributions as a percentage of covered payroll		6.77 %		7.07 %	6.91 %

* This schedule is to be built prospectively until it contains ten years of data.

2017		2016		2015		2014	
\$	11,465	\$	10,233	\$	8,932	\$	8,100
	11,465		10,233		8,932		8,100
\$	—	\$	—	\$	—	\$	—
\$	175,395	\$	155,768	\$	140,977	\$	130,172
	6.54 %		6.57 %		6.34 %		6.22 %

2017		2016		2015		2014	
\$	1,346	\$	1,345	\$	1,224	\$	1,184
	1,346		1,345		1,224		1,184
\$	—	\$	—	\$	—	\$	—
\$	20,396	\$	19,828	\$	18,744	\$	18,259
	6.60 %		6.78 %		6.53 %		6.48 %

PENSION PLAN INFORMATION

Notes to Required Supplementary Information

Methods and assumptions used in calculations of Actuarially Determined Contributions for PERS, TRS, PSERS, LEOFF, and WSPRS. The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined under chapter 41.45 of the Revised Code of Washington (RCW). Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. The actuarial valuation with a June 30, 2017, valuation date, completed in the fall of 2018, plus any supplemental contribution rates from the preceding legislative session, determined the ADC for the period beginning July 1, 2019, and ending June 30, 2021.

Methods and assumptions used in calculations of the ADC for the Judicial Retirement System and the Judges Retirement Fund. The OSA calculates the ADC based on the results of an actuarial valuation, and sets the ADC equal to the expected benefit payments from the plan. Consistent with the state's funding policy defined under RCW 2.10.90 and 2.12.60, the Legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

Additional consideration on ADC for all plans.

OSA calculates the ADC consistent with the methods described above. Adopted contribution rates may be different pending the actions of the governing bodies.

Contractually Required Contributions for PERS, TRS, PSERS, and LEOFF. For cost-sharing plans, OSA calculates the Contractually Required Contributions (CRC) using the same assumptions and methods as the ADC except the CRC reflects the adopted contribution rates for the time period shown, which may differ from the contribution rates produced for the ADC.

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Contributions

Last Ten Fiscal Years

(expressed in thousands)

Year		Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions		Contribution Deficiency (Excess)
2020	\$	900	\$	8,967	\$ (8,067)
2019		926		8,436	(7,510)
2018		3,523		8,050	(4,527)
2017		4,528		7,494	(2,966)
2016		6,846		8,153	(1,307)
2015		6,653		6,816	(163)
2014		6,421		7,336	(915)
2013		4,600		6,946	(2,346)
2012		4,700		6,484	(1,784)
2011		5,300		6,778	(1,478)

Notes: Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization.

Beginning in 2017, the methodology for determining the Actuarially Determined Contributions was revised to reflect the timing of the contributions based upon the Board for Volunteer Firefighters adoption cycle and the actuarial funding methods selected.

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	4.40 %	8.23 %	8.84 %	13.26 %	2.19 %	4.05 %	18.50 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Change in Net Pension Liability

Last Eight Fiscal Years*

(expressed in thousands)

	2020		2019		2018
Total Pension Liability					
Service cost	\$	820	\$	828	\$ 853
Interest		13,120		13,119	13,151
Changes of benefit terms		34,626		—	—
Differences between expected and actual experience		1,134		(1,857)	(2,707)
Changes in assumptions		—		—	16
Benefit payments, including refunds of member contributions		(12,217)		(11,913)	(11,573)
Net Change in Total Pension Liability		37,483		177	(260)
Total Pension Liability - Beginning		192,617		192,440	192,700
Total Pension Liability - Ending	\$	230,100	\$	192,617	\$ 192,440
Plan Fiduciary Net Position					
Contributions - municipalities	\$	771	\$	797	\$ 823
Contributions - member		40		54	65
Contributions - state as nonemployer contributing entity		8,196		7,639	7,227
Net investment income		11,059		20,101	19,860
Benefit payments, including refunds of member contributions		(12,215)		(11,913)	(11,573)
Administrative expense		(3,120)		(1,352)	(918)
Other		—		—	—
Net Change in Plan Fiduciary Net Position		4,731		15,326	15,484
Plan Fiduciary Net Position--Beginning, as restated		260,609		245,284	229,800
Plan Fiduciary Net Position--Ending	\$	265,340	\$	260,610	\$ 245,284
Plan's Net Pension Liability/(Asset)--Ending	\$	(35,240)	\$	(67,993)	\$ (52,844)

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

2017		2016		2015		2014		2013
\$	869	\$	893	\$	919	\$	1,240	N/A
	12,946		12,887		12,656		12,480	N/A
	—		—		—		—	N/A
	(1,998)		(176)		(2,948)		—	N/A
	463		101		1,931		—	N/A
	(11,074)		(10,795)		(10,501)		(10,771)	N/A
	1,206		2,910		2,057		2,949	N/A
	191,494		188,584		186,527		183,578	N/A
\$	192,700	\$	191,494	\$	188,584	\$	186,527	\$ 183,578
\$	848	\$	918	\$	913	\$	953	N/A
	69		67		76		95	N/A
	6,646		7,235		5,903		6,383	N/A
	26,114		4,588		8,289		31,892	N/A
	(11,074)		(10,795)		(10,501)		(10,771)	N/A
	(1,466)		(1,205)		(1,020)		(1,469)	N/A
	—		—		—		(22)	N/A
	21,137		808		3,660		27,061	N/A
	208,663		207,855		204,195		177,134	N/A
\$	229,800	\$	208,663	\$	207,855	\$	204,195	\$ 177,134
\$	(37,100)	\$	(17,169)	\$	(19,271)	\$	(17,668)	\$ 6,444

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Net Pension Liability

Last Eight Fiscal Years*

(expressed in thousands)

	2020		2019		2018
Total Pension Liability - Ending	\$	230,100	\$	192,617	\$ 192,440
Plan Fiduciary Net Position - Ending		265,340		260,610	245,284
Plan's Net Pension Liability/(Asset) - Ending	\$	(35,240)	\$	(67,993)	\$ (52,844)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		115.32%		135.30%	127.46%
Covered Payroll		N/A		N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		N/A		N/A	N/A

N/A indicates data not applicable. This is a volunteer organization.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Notes to Required Supplementary Information

The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with funding policy defined under chapter 41.24 RCW and adopted policies made by the State Board for Volunteer Fire Fighters and Reserve Officers. Consistent with the

Board's contribution rate adoption process, the results of an actuarial valuation determine the ADC two years after the valuation date. For example, the actuarial valuation with a June 30, 2018, valuation date, completed in the fall of 2019, determines the ADC for the period ending June 30, 2020.

2017		2016		2015		2014		2013
\$	192,700	\$	191,494	\$	188,584	\$	186,527	\$ 183,578
	229,800		208,663		207,855		204,195	177,134
\$	(37,100)	\$	(17,169)	\$	(19,271)	\$	(17,668)	\$ 6,444
	119.25%		108.97%		110.22%		109.47%	96.49%
	N/A		N/A		N/A		N/A	N/A
	N/A		N/A		N/A		N/A	N/A

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Total Pension Liability and Related Ratios

University of Washington

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 16,699	\$ 11,823	\$ 14,788	\$ 19,891
Interest	21,232	16,277	16,128	15,097
Differences between expected and actual experience	31,425	102,713	(33,953)	(74,918)
Changes in assumptions	126,749	58,228	(17,105)	(28,553)
Benefit payments	(8,316)	(7,482)	(6,130)	(5,136)
Net Change in Total Pension Liability	187,789	181,559	(26,272)	(73,619)
Total Pension Liability - Beginning	594,040	412,481	438,753	512,372
Total Pension Liability - Ending	\$ 781,829	\$ 594,040	\$ 412,481	\$ 438,753
Covered payroll	\$ 744,634	\$ 787,384	\$ 759,688	\$ 801,161
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	105.00 %	75.44 %	54.30 %	54.76 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Changes in Total Pension Liability and Related Ratios

Washington State University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 2,282	\$ 2,112	\$ 2,763	\$ 3,803
Interest	3,282	3,241	3,261	3,140
Differences between expected and actual experience	5,496	(1,022)	(7,171)	(16,389)
Changes in assumptions	17,655	7,997	(3,255)	(6,574)
Benefit payments	(2,493)	(2,439)	(2,181)	(1,890)
Net Change in Total Pension Liability	26,222	9,889	(6,583)	(17,910)
Total Pension Liability - Beginning	92,720	82,831	89,414	107,324
Total Pension Liability - Ending	\$ 118,942	\$ 92,720	\$ 82,831	\$ 89,414
Covered payroll	\$ 160,533	\$ 171,012	\$ 186,365	\$ 196,596
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	74.09 %	54.22 %	44.45 %	45.48 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Total Pension Liability and Related Ratios

Eastern Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 501	\$ 463	\$ 477	\$ 658
Interest	634	614	429	420
Differences between expected and actual experience	1,019	421	3,867	(2,852)
Changes in assumptions	3,488	1,014	(621)	(647)
Benefit payments	(250)	(316)	(202)	(140)
Net Change in Total Pension Liability	5,392	2,196	3,950	(2,561)
Total Pension Liability - Beginning	17,747	15,551	11,601	14,162
Total Pension Liability - Ending	\$ 23,139	\$ 17,747	\$ 15,551	\$ 11,601
Covered payroll	\$ 30,441	\$ 32,357	\$ 34,114	\$ 38,505
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	76.01 %	54.85 %	45.59 %	30.13 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Changes in Total Pension Liability and Related Ratios

Central Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 52	\$ 61	\$ 91	\$ 150
Interest	252	293	299	293
Differences between expected and actual experience	322	(710)	(466)	(1,270)
Changes in assumptions	1,057	428	(272)	(616)
Benefit payments	(439)	(411)	(412)	(411)
Net Change in Total Pension Liability	1,244	(339)	(760)	(1,854)
Total Pension Liability - Beginning	7,378	7,717	8,477	10,331
Total Pension Liability - Ending	\$ 8,622	\$ 7,378	\$ 7,717	\$ 8,477
Covered payroll	\$ 8,282	\$ 8,952	\$ 10,368	\$ 11,028
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	104.10 %	82.41 %	74.43 %	76.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Total Pension Liability and Related Ratios
The Evergreen State College

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 188	\$ 154	\$ 210	\$ 296
Interest	243	235	237	230
Differences between expected and actual experience	490	(108)	(565)	(1,327)
Changes in assumptions	1,293	694	(229)	(387)
Benefit payments	(138)	(137)	(183)	(158)
Net Change in Total Pension Liability	2,076	838	(530)	(1,346)
Total Pension Liability - Beginning	6,818	5,980	6,510	7,856
Total Pension Liability - Ending	\$ 8,894	\$ 6,818	\$ 5,980	\$ 6,510
Covered payroll	\$ 13,618	\$ 14,999	\$ 15,978	\$ 16,941
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	65.31 %	45.46 %	37.43 %	38.43 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Changes in Total Pension Liability and Related Ratios
Western Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 699	\$ 551	\$ 737	\$ 1,057
Interest	962	825	837	842
Differences between expected and actual experience	1,961	2,298	(2,233)	(5,278)
Changes in assumptions	5,269	2,821	(819)	(2,126)
Benefit payments	(486)	(420)	(380)	(298)
Net Change in Total Pension Liability	8,405	6,075	(1,858)	(5,803)
Total Pension Liability - Beginning	27,037	20,962	22,820	28,623
Total Pension Liability - Ending	\$ 35,442	\$ 27,037	\$ 20,962	\$ 22,820
Covered payroll	\$ 49,576	\$ 53,024	\$ 52,750	\$ 55,840
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	71.49 %	50.99 %	39.74 %	40.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Total Pension Liability and Related Ratios

State Board for Community and Technical Colleges

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 3,516	\$ 2,851	\$ 3,827	\$ 5,417
Interest	3,956	3,449	3,517	3,514
Differences between expected and actual experience	8,335	6,503	(10,402)	(25,336)
Changes in assumptions	22,269	12,227	(3,519)	(5,980)
Benefit payments	(1,785)	(1,818)	(1,300)	(902)
Net Change in Total Pension Liability	36,291	23,212	(7,877)	(23,287)
Total Pension Liability - Beginning	110,385	87,173	95,050	118,337
Total Pension Liability - Ending	\$ 146,676	\$ 110,385	\$ 87,173	\$ 95,050
Covered payroll	\$ 312,253	\$ 331,420	\$ 353,910	\$ 375,725
Total Pension Liability/(Asset) as a Percentage of Covered Payroll	46.97 %	33.31 %	24.63 %	25.30 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Higher Education Supplemental Defined Benefit Plans

Notes to Required Supplementary Information

The Higher Education Supplemental Retirement Plans are financed on a pay-as-you-go basis. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the

fund sponsors do not meet the benefit goals. No assets are accumulated in trusts or equivalent arrangements.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, salary growth, and the variable income investment return.

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Date of June 30*

(expressed in thousands)

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 235,316	\$ 317,866	\$ 394,955
Interest	203,889	218,339	184,999
Changes in benefit terms	—	—	—
Difference between expected and actual experience	(273)	199,258	—
Changes in assumptions	379,637	(1,390,198)	(902,431)
Benefit payments	(93,253)	(92,200)	(94,279)
Changes in proportion	(3)	(15)	—
Net Changes in Total OPEB Liability	725,313	(746,950)	(416,755)
Total OPEB Liability - Beginning	5,079,882	5,826,832	6,242,577
Total OPEB Liability - Ending	\$ 5,805,195	\$ 5,079,882	\$ 5,825,822
Covered-employee payroll	\$ 8,722,746	\$ 8,401,635	\$ 7,878,188
Total OPEB liability as a percentage of covered-employee payroll	66.55 %	60.46 %	73.95 %

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Notes to Required Supplementary Information

The Public Employees' Benefits Board OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

Total OPEB liability beginning balance for the measurement date of June 30, 2018, was restated to reflect the changes in proportion between the state and the Washington Economic Development Finance Authority which operates on a cash basis and does not report an OPEB liability. The restatement also includes OPEB amounts for the Health Care Benefits Exchange which was omitted from the table in the prior year.

Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state of Washington reports certain networks of infrastructure assets under the modified approach of the Governmental Accounting Standards Board Statement No. 34. Expenditures to maintain and preserve these assets are budgeted, recorded, and reported in lieu of depreciation expense. The state must meet the following requirements to report networks of assets under the modified approach:

- Maintain an up-to-date inventory of eligible infrastructure assets in an asset management system.
- Disclose the condition level at which assets are to be

preserved or maintained, as established by administrative or executive policy, or by legislative action.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Document that assets are being preserved approximately at or above the disclosed condition level.
- Annually estimate the cost to maintain and preserve the assets at the established condition level.

Assets accounted for under the modified approach include the state of Washington's network of highway pavements, bridges, and rest areas. In fiscal year 2020, the state was responsible for maintaining and preserving 20,876 pavement lane miles, 3,942 bridges and tunnels, and 47 highway safety rest areas.

PAVEMENT CONDITION

The Washington State Department of Transportation (WSDOT) performs highway pavement assessments over a two-year cycle utilizing three measurements to develop a scaled condition assessment: Pavement Structural Condition (PSC), International Roughness Index (IRI), and rutting.

The WSDOT uses the following rating scale for PSC:

Category	PSC Range	Description
Very Good	80 - 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having "hairline" severity alligator cracking will have a PSC of 80.
Good	60 - 79	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having "hairline" alligator cracking will have a PSC of 70.
Fair	40 - 59	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having "hairline" alligator cracking will have a PSC of 50.
Poor	20 - 39	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 30.
Very Poor	0 - 19	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The IRI scale is measured in inches per mile. WSDOT assesses pavement with a ride performance measure less than 221 inches per mile to be in fair or better condition.

Rutting is measured in inches with a measurement of 0.58 inches or less assessed at a condition of fair or better.

PSC, IRI, and rutting are combined to rate a section of pavement which is assigned the lowest condition of any of the three indices.

The following table shows the combined conditions and the ratings for each index:

Category	PSC	IRI	Rutting
Very Good	80 - 100	< 96	< 0.24
Good	60 - 79	96 - 170	0.24 - 0.41
Fair	40 - 59	171 - 220	0.42 - 0.58
Poor	20 - 39	221 - 320	0.59 - 0.74
Very Poor	0 - 19	> 320	> 0.74

The WSDOT's policy is to maintain 85 percent of pavements at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows pavement condition ratings for state highways:

Pavements			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Calendar Year			
2019	2017	2015	Average of Last Three Assessments
94.1%	93.2%	93.2%	93.5%

The following table reflects the state's estimated and actual expenditures necessary to preserve state highways at the established condition level:

Pavements										
Preservation and Maintenance - Planned to Actual - Fiscal Year										
(expressed in thousands)										
		2020		2019		2018		2017		2016
Planned	\$	194,105	\$	227,625	\$	263,555	\$	304,040	\$	160,423
Actual		169,303		269,236		271,474		264,315		161,211
Variance	\$	24,802	\$	(41,611)	\$	(7,919)	\$	39,725	\$	(788)
		12.8%		-18.3%		-3.0%		13.1%		-0.5%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about pavements, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/Business/MaterialsLab/Pavements/default.htm>.

BRIDGE CONDITION

The WSDOT inspects and performs condition assessments on approximately 3,300 state-owned vehicular bridges in excess of 20 feet in length. While most bridges undergo condition assessments every two years, the National Bridge Inspection Standards (NBIS) make provisions for some bridges to be inspected more or less frequently. Factors that are considered when determining the frequency of inspection include age, type of structure, span length, and condition. There are currently about 360 bridges that are inspected on a four-year cycle, and many bridges that are inspected more frequently than every two years. Underwater bridge components are inspected at least once every five years in accordance with Federal Highway Administration (FHWA) requirements.

The WSDOT uses a performance measure established in FHWA's *Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges*, which classifies the physical condition of bridges as good, fair, or poor based on structural sufficiency standards for the following bridge components: bridge superstructure, substructure, and deck. The appraisal data is collected in the National Bridge Inventory (NBI) and assigned a code from 0 to 9, with 0 being in a failed condition and 9 being in excellent condition.

Category	National Bridge Inventory Code	Description
Good	7 or 8	A range from no problems noted to some minor problems.
Fair	5 or 6	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling, or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour, or seriously affected primary structural components.

The WSDOT's policy is to maintain 90 percent of bridges at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows condition ratings for state bridges:

Bridges			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year			
2019	2017	2015	Average of Last Three Assessments
92.9%	91.8%	92.1%	92.3%

The following table reflects the state's estimated and actual expenditures necessary to preserve the bridges at the established condition level:

Bridges					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
(expressed in thousands)					
	2020	2019	2018	2017	2016
Planned	\$ 148,212	\$ 182,409	\$ 106,595	\$ 45,891	\$ 75,160
Actual	120,554	146,816	87,068	45,088	66,339
Variance	\$ 27,658	\$ 35,593	\$ 19,527	\$ 803	\$ 8,821
	18.7%	19.5%	18.3%	1.7%	11.7%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about bridges, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/Bridge/Structures/>.

SAFETY REST AREA CONDITION

In April 2019, the WSDOT's Statewide Asset Management Program requested that safety rest areas be managed under the same asset management plan as all other agency-owned facilities. As of July 2019, the WSDOT implemented a new alignment plan that imposed stricter standards for preserving all safety rest areas.

While the scale for condition measurement remains unchanged, both the condition rating tiers and the condition target for safety rest areas have been modified. The rating for a safety rest area to be considered in "fair" condition was increased from 50% to 60% under the new plan, representing a higher assessment standard than under the historical rating system.

Beginning in fiscal year 2020, the WSDOT performs condition assessments on safety rest areas in the odd year of every fiscal biennium. Sites and buildings are divided into functional components that are assessed with a three-tiered condition scale: good, fair, and poor condition. The assessment criteria are based on guidelines that are typical of industry standards and have been modified by the WSDOT Capital Facilities Program to align with transportation-related facilities.

The WSDOT's policy is to maintain 85 percent of safety rest areas at a level of fair or better condition, based on the average condition level of the last three assessments.

The following table shows condition ratings for safety rest areas:

Safety Rest Areas			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year *			
2019	2017	2015	Average of Last Three Assessments
80.4%	80.4%	95.7%	85.5%

* The percentages for last three assessments were recalculated based on the new rating methodology effective July 2019.

The following table reflects the state's estimated and actual expenditures necessary to preserve the safety rest areas at the established condition level:

Safety Rest Areas									
Preservation and Maintenance - Planned to Actual - Fiscal Year									
(expressed in thousands)									
		2020		2019		2018		2017	2016
Planned	\$	9,420	\$	11,084	\$	9,609	\$	9,964	\$ 7,204
Actual		8,601		9,004		7,986		8,011	7,185
Variance	\$	819	\$	2,080	\$	1,623	\$	1,953	\$ 19
		8.7%		18.8%		16.9%		19.6%	0.3%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about safety rest areas, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/safety/restareas>.

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State of Washington
Single Audit Report
For Fiscal Year Ended
June 30, 2020

Auditor's Section

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**State of Washington
July 1, 2019 through June 30, 2020**

The Honorable Jay Inslee
State of Washington
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 17, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Department of Retirement Systems, the Local Government Investment Pool, the University of Washington, and the funds managed by the State Investment Board, as described in our report on the State's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

As explained in Note 1.D.1, the financial statements include pension trust fund investments, the fair values of which have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or, in the case of investments in partnerships, the general partners.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we and the other auditors identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the State's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Findings 2020-001 and 2020-002 to be material weaknesses.

We also noted certain matters that we have reported to the management of the State in a separate letter dated December 17, 2020.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of the State's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests and the reports of the other auditors disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001.

STATE'S RESPONSE TO FINDINGS

The State's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The State's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA

December 17, 2020

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**State of Washington
July 1, 2019 through June 30, 2020**

The Honorable Jay Inslee
State of Washington
Olympia, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the State of Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2020. The State's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

The State's basic financial statements include the operations of the Valley Medical Center (legal name is King County Public Hospital District No. 1), which expended \$1,227,222 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of the Valley Medical Center because it has arranged for a separate audit of its federal awards in accordance with the uniform guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government*

Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the State's compliance.

Basis for Adverse Opinion on 21.019 Coronavirus Relief Fund

As described in Findings 2020-018, 2020-019 and 2020-020 in the accompanying Schedule of Federal Award Findings and Questioned Costs, the State did not comply with requirements regarding 21.019 Coronavirus Relief Fund for Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Performance. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Adverse Opinion on 21.019 Coronavirus Relief Fund

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on 21.019 Coronavirus Relief Fund paragraph, the State did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 21.019 Coronavirus Relief Fund for the year ended June 30, 2020.

Basis for Adverse Opinion on Child Care and Development Fund Cluster (93.575 Child Care and Development Block Grant and 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund)

As described in Findings 2020-036, 2020-037, 2020-038, 2020-039, 2020-040, 2020-041, 2020-042, and 2020-043 in the accompanying Schedule of Federal Award Findings and Questioned Costs, the State did not comply with requirements regarding its Child Care and Development Fund Cluster program for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Matching, Level of Effort, Earmarking, Period of Performance and Special Tests and Provisions – Health and Safety Standards and Fraud Detection and Repayment.

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Adverse Opinion on Child Care and Development Fund Cluster (93.575 Child Care and Development Block Grant and 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund)

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Child Care and Development Fund Cluster paragraph, the State did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Care and Development Fund Cluster program for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures also disclosed instances of noncompliance with those requirements which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, 2020-013, 2020-014, 2020-015, 2020-016, 2020-017, 2020-021, 2020-022, 2020-023, 2020-024, 2020-025, 2020-026, 2020-027, 2020-028, 2020-029, 2020-032, 2020-033, 2020-034, 2020-044, 2020-046, 2020-047, 2020-048, 2020-049, 2020-050, 2020-051, 2020-052, 2020-053, 2020-055, 2020-056, 2020-057, 2020-058, 2020-059, 2020-060, 2020-061, 2020-062, 2020-063, 2020-064, and 2020-065. Our opinion on each major federal program is not modified with respect to these matters.

State's Responses to Findings

The State's responses to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The State's responses

were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-009, 2020-010, 2020-011, 2020-012, 2020-013, 2020-014, 2020-015, 2020-016, 2020-017, 2020-018, 2020-021, 2020-022, 2020-023, 2020-024, 2020-025, 2020-026, 2020-027, 2020-028, 2020-029, 2020-030, 2020-031, 2020-032, 2020-033, 2020-034, 2020-036, 2020-037, 2020-038, 2020-039, 2020-040, 2020-041, 2020-042, 2020-043, 2020-044, 2020-045, 2020-046, 2020-047, 2020-048, 2020-049, 2020-050, 2020-051, 2020-052, 2020-053, 2020-054, 2020-055, 2020-057, 2020-060, 2020-061, 2020-062, 2020-063, 2020-064, and 2020-065 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2020-0020, 2020-035, and 2020-059 to be significant deficiencies.

State's Response to Findings

The State's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental entities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington as of and for the year ended June 30, 2020, and have issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style with a large initial "P" and "M".

Pat McCarthy
State Auditor
Olympia, WA

May 27, 2021

State of Washington

Single Audit Report

For Fiscal Year Ended

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Auditor's Section

Schedule of Findings and Questioned Costs

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State of Washington

Single Audit Report

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

State of Washington July 1, 2019 through June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the State of Washington are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the State.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the State’s compliance with requirements applicable to each of its major federal programs, with the exception of the Child Care and Development Fund Cluster (93.575 Child Care and Development Block Grant and 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund) and 21.019 Coronavirus Relief Fund, on which we issued an adverse opinion on compliance with applicable requirements.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
10.551	SNAP Cluster - Supplemental Nutrition Assistance Program
10.551	SNAP Cluster – COVID-19 – Supplemental Nutrition Assistance Program
10.553	Child Nutrition Cluster – School Breakfast Program
10.553	Child Nutrition Cluster – COVID-19 – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program
10.555	Child Nutrition Cluster – COVID-19 – National School Lunch Program
10.556	Child Nutrition Cluster – Special Milk Program for Children
10.556	Child Nutrition Cluster – COVID-19 – Special Milk Program for Children
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.559	Child Nutrition Cluster – Summer Food Service Program for Children
10.559	Child Nutrition Cluster – COVID-19 – Summer Food Service Program for Children
10.561	SNAP Cluster – State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.565	Food Distribution Cluster – Commodity Supplemental Food Program
10.568	Food Distribution Cluster – Emergency Food Assistance Program (Administrative Costs)
10.568	Food Distribution Cluster – COVID-19 – Emergency Food Assistance Program (Administrative Costs)
10.569	Food Distribution Cluster – Emergency Food Assistance Program (Food Commodities)

CFDA No.	Program or Cluster Title
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
17.225	COVID-19 – Unemployment Insurance
17.258	WIOA Cluster – WIOA Adult Program
17.259	WIOA Cluster – WIOA Youth Activities
17.278	WIOA Cluster – WIOA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction
20.219	Highway Planning and Construction Cluster – Recreational Trails Program
20.224	Highway Planning and Construction Cluster – Federal Lands Access Program
20.500	Federal Transit Cluster – Federal Transit Capital Investment Grants
20.507	Federal Transit Cluster – Federal Transit Formula Grants
20.525	Federal Transit Cluster – State of Good Repair Grants Program
20.526	Federal Transit Cluster – Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs
21.019	COVID-19 – Coronavirus Relief Fund
64.015	Veterans State Nursing Home Care
64.015	COVID-19 – Veterans State Nursing Home Care
84.007	Student Financial Assistance Cluster – Federal Supplemental Educational Opportunity Grants
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education State Grant Program
84.027	Special Education Cluster (IDEA) – Special Education Grants to States
84.033	Student Financial Assistance Cluster – Federal Work-Study Program
84.033	Student Financial Assistance Cluster – COVID-19 – Federal Work-Study Program
84.038	Student Financial Assistance Cluster – Federal Perkins Loan Program
84.063	Student Financial Assistance Cluster – Federal Pell Grant Program
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
84.173	Special Education Cluster (IDEA) – Special Education Preschool Grants
84.268	Student Financial Assistance Cluster – Federal Direct Student Loans
84.379	Student Financial Assistance Cluster – Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
84.425	COVID-19 – Education Stabilization Fund

CFDA No.	Program or Cluster Title
93.264	Student Financial Assistance Cluster – Nurse Faculty Loan Program (NFLP)
93.342	Student Financial Assistance Cluster – Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students
93.364	Student Financial Assistance Cluster – Nursing Student Loans
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.568	COVID-19 – Low-Income Home Energy Assistance
93.575	CCDF Cluster – Child Care and Development Block Grant
93.596	CCDF Cluster – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.596	CCDF Cluster – COVID-19 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care Title IV-E
93.658	COVID-19 – Foster Care Title IV-E
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.767	COVID-19 – Children's Health Insurance Program
93.775	Medicaid Cluster – State Medicaid Fraud Control Units
93.777	Medicaid Cluster – State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.777	Medicaid Cluster – COVID-19 - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.778	Medicaid Cluster – Medical Assistance Program
93.778	Medicaid Cluster – COVID-19 - Medical Assistance Program
93.788	Opioid STR
93.870	Maternal, Infant and Early Childhood Home Visiting Grant
93.925	Student Financial Assistance Cluster – Scholarships for Health Professions Students from Disadvantaged Backgrounds
93.959	Block Grants for Prevention and Treatment of Substance Abuse

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$38,889,219.

The State did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding Number	Finding Title
2020-001	The State's internal controls were insufficient to prevent fraudulent unemployment benefit payments.
2020-002	The State did not have adequate internal controls over financial reporting to ensure financial activity is properly classified, recorded in the correct period and reconciles to its financial statements.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number	Finding Title
2020-003	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for the Child Nutrition Cluster program.
2020-004	The Office of Superintendent of Public Instruction did not have adequate internal controls over requirements to properly account for USDA-donated foods.
2020-005	The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant.
2020-006	The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.
2020-007	The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.
2020-008	The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.
2020-009	The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victims Assistance and Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.
2020-010	The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits.
2020-011	The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.

Finding Number	Finding Title
2020-012	The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure quarterly performance reports for the Workforce Innovation and Opportunity Act grant were submitted completely and accurately.
2020-013	The Employment Security Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments or fiscal monitoring for subrecipients of the Workforce Innovation and Opportunity Act grant.
2020-014	The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments of subrecipients for the Highway Planning and Construction Cluster.
2020-015	The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.
2020-016	The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Construction Cluster.
2020-017	The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.
2020-018	The Department of Children, Youth and Families did not have adequate internal controls over and did not comply with requirements to ensure the Coronavirus Relief Fund was used for allowable purposes and payments fell within the period of performance.
2020-019	The Department of Health did not ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.
2020-020	The Department of Social and Health Services did not have adequate internal controls to ensure the Coronavirus Relief Fund was used for allowable purposes and payments met period of performance requirements.

Finding Number	Finding Title
2020-021	Washington State University did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.
2020-022	The University of Washington did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance Programs.
2020-023	The University of Washington did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.
2020-024	The University of Washington did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately for the Student Financial Assistance programs.
2020-025	The Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to accurately report student enrollment information for the Student Financial Assistance programs.
2020-026	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures.
2020-027	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to perform child counts for the Migrant Education - State Grant program.
2020-028	The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients were adequately supported for the Special Education Cluster.
2020-029	The Yakima Valley College did not have adequate internal controls over and did not comply with Student Financial Assistance Programs applicant verification requirements.
2020-030	The Department of Services for the Blind did not have adequate internal controls to ensure payroll expenditures charged to the Vocational Rehabilitation grant were allowable.

Finding Number	Finding Title
2020-031	The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation grant.
2020-032	The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments made on behalf of clients for the Vocational Rehabilitation grant were allowable.
2020-033	The Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records on a monthly basis.
2020-034	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response program, the Block Grants for Prevention and Treatment of Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.
2020-035	The Department of Social and Health Services did not have adequate internal controls to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.
2020-036	The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants.
2020-037	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll charges paid by the Child Care and Development Fund Cluster were allowable and properly supported.
2020-038	The Department of Children, Youth and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.
2020-039	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program.

Finding Number	Finding Title
2020-040	The Department of Children, Youth, and Families did not have adequate internal controls over matching, level of effort, and earmarking requirements for the Child Care and Development Fund Cluster programs.
2020-041	The Department of Children, Youth, and Families did not have adequate internal controls over period of performance requirements for the Child Care and Development Fund Cluster programs.
2020-042	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund Cluster programs.
2020-043	The Department of Social and Health Services did not have adequate internal controls over assessing the level of potential fraud risk for the Child Care and Development Fund program.
2020-044	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.
2020-045	The Department of Children, Youth and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants.
2020-046	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children's Health Insurance Programs were properly screened, licensed, and enrolled.
2020-047	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid service verification process were investigated.
2020-048	The Health Care Authority, Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.
2020-049	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.

Finding Number	Finding Title
2020-050	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report Medicaid Fraud Control Division overpayment recoveries on the CMS-64 report.
2020-051	The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.
2020-052	The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.
2020-053	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with federal requirements for completing recertification surveys in a timely manner.
2020-054	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner.
2020-055	The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it responded promptly to complaints for Medicaid hospitals.
2020-056	The Health Care Authority improperly charged \$20,000 for payments made to providers under the Opioid State Targeted Response program.
2020-057	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid State Targeted Response program received required risk assessments.

Finding Number	Finding Title
2020-058	The Department of Children, Youth and Families improperly charged \$135,685 for salaries and benefits to the Maternal, Infant and Early Childhood Home Visiting Grant.
2020-059	The Health Care Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period of performance requirements.
2020-060	The Health Care Authority did not have adequate internal controls over and did not comply with cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse.
2020-061	The Health Care Authority did not have adequate internal controls over and did not comply with federal level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.
2020-062	The Health Care Authority did not have adequate internal controls over and did not comply with the reporting requirements for the Block Grants for Prevention and Treatment of Substance Abuse.
2020-063	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Substance Abuse Prevention and Treatment Block Grant funds contained all required information.
2020-064	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.
2020-065	The Health Care Authority did not have adequate internal controls over and did not comply with federal subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.

SECTION IV – SUMMARY OF QUESTIONED COSTS

Federal Grantor	State Agency	CFDA number	Federal Program	Known Questioned Costs	Likely Improper Payments	Finding Number(s)
U.S. Department of Labor	Employment Security Department	17.225	Unemployment Insurance	\$601,723,283	\$0	2020-010
U.S. Department of the Treasury	Department of Children, Youth, and Families	21.019	Coronavirus Relief Fund	\$39,739,702	\$0	2020-018
U.S. Department of the Treasury	Department of Health	21.019	Coronavirus Relief Fund	\$451,726	\$0	2020-019
U.S. Department of the Treasury	Department of Social and Health Services	21.019	Coronavirus Relief Fund	\$8,681,008	\$0	2020-020
U.S. Department of Education	University of Washington	84.007, 84.033, 84.038, 84.063, 84.268, 93.264, 93.342, 93.364	Student Financial Assistance Programs	\$2,300	\$0	2020-022
U.S. Department of Education	Yakima Valley College	84.063, 84.268	Student Financial Assistance Programs	\$1,369	\$22,528	2020-029

Federal Grantor	State Agency	CFDA number	Federal Program	Known Questioned Costs	Likely Improper Payments	Finding Number(s)
U.S. Department of Education	Department of Social and Health Services	84.126	Vocational Rehabilitation – Grants to States	\$13,143	\$638,257	2020-032
U.S. Department of Health and Human Services	Department of Children, Youth, and Families	93.575, 93.596	Child Care and Development Fund Cluster	\$17,818,822	\$41,990,864	2020-037, 2020-038, 2020-039, 2020-040
U.S. Department of Health and Human Services	Department of Social and Health Services	93.775, 93.777, 93.778	Medicaid Cluster	\$291,364,627	\$302,880,944	2020-051
U.S. Department of Health and Human Services	Health Care Authority	93.775, 93.777, 93.778	Medicaid Cluster	\$78,028	\$0	2020-050
U.S. Department of Health and Human Services	Health Care Authority	93.788	Opioid State Targeted Response	\$20,000	\$40,952	2020-056
U.S. Department of Health and Human Services	Department of Children, Youth, and Families	93.870	Maternal, Infant, and Early Childhood Home Visiting Grant	\$135,685	\$0	2020-058
U.S. Department of Health and Human Services	Health Care Authority	93.959	Block Grants for Prevention and Treatment of Substance Abuse	\$431,797	\$6,477,739	2020-059

State of Washington

Single Audit Report

For Fiscal Year Ended

June 30, 2020

Auditor's Section

Schedule of Audit Findings and Responses

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

State of Washington July 1, 2019 through June 30, 2020

2020-001 The State's internal controls were insufficient to prevent fraudulent unemployment benefit payments.

Background

State management is responsible for designing, implementing and maintaining internal controls to ensure the financial statements are fairly presented, and to provide reasonable assurance regarding the reliability of financial reporting and to prevent and detect fraud. We identified deficiencies in internal controls at the Employment Security Department (ESD) that adversely affected the State's ability to prevent and detect fraud.

ESD administers Washington State's unemployment insurance program. In response to the COVID-19 pandemic, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide economic relief to people who suffered financially because of the pandemic. The Act created three initiatives for states that expanded the amount of time a person may collect benefits, increased the amount of benefits a person may receive by \$600 a week, and included people who otherwise would not qualify for benefits, such as independent contractors, and self-employed individuals. For fiscal year 2020, ESD paid out more than \$7.5 billion in unemployment insurance benefits to 926,815 people. This is 684% more funding (about eight times) and 390% more people (about five times) than ESD served in fiscal year 2019.

Description of Condition

Our audit identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a material weakness.

ESD did not have effective internal controls in place to ensure unemployment benefit payments were made only to eligible claimants. We noted:

- Verification of a claimant's employment information to establish eligibility was not always performed before payment. Prior to March 18, 2020, the one week waiting period allowed the ESD time to verify a claimant's employment status.
- ESD performs a discovery process to identify claims at high risk of identity theft for investigation. Prior to May 14, 2020, this process was not performed until after claims had already been paid.

Cause of Condition

After the surge in claims due to the pandemic and the implementation of the CARES Act, existing controls over claims were modified and/or eliminated. Issues contributing to the control weaknesses include:

- Large volume of claims
- Short time to implement new federal initiatives with little guidance
- By emergency proclamation, the Governor waived the required one week waiting period and benefits began being paid within one business day
- The new Pandemic Unemployment Assistance Program, which extended unemployment benefits to individuals not traditionally eligible for them, did not require claimants to submit documentation to substantiate employment or self-employment wages

Effect of Condition

As of November 19, 2020, ESD estimates it paid out over 122,000 known or probable fraudulent claims totaling over \$600 million in fiscal year ending June 30, 2020. Of this amount, approximately \$250 million has been recovered to date, resulting in an estimated net loss of \$350.9 million. Efforts to identify and investigate known and suspected claims and recover fraudulent amounts are ongoing.

Recommendations

We recommend ESD continue working with the federal Department of Justice to recover the remaining fraudulent payments.

We further recommend ESD improve internal controls to better detect and prevent fraud before payments are made.

State's Response

Washington was out in front in implementing the Pandemic Unemployment Assistance Program (PUA) and other CARES Act benefits and has one of the highest weekly benefit amounts. This, combined with the fact Washington State has no income tax, made Washington an attractive state for a targeted fraud attack. ESD has been transparent and forthcoming about the dollar amounts lost to a targeted fraud attack in May of 2020 and has reported that correctly on its financial statements. During fiscal year 2020, ESD paid out \$7.5 billion in benefits for Unemployment Insurance and CARES Act programs. The amount lost to the targeted fraud attack is less than 8% of total benefits paid. Through aggressive recovery efforts, this loss has been reduced to 5% of total benefits paid during fiscal year 2020.

The discovery process was working as intended during this time period, which was to run as a batch every night. During normal operations, high risk claims would be identified and investigated prior to payment. Waiving the one-week waiting period and the high volume of claims impacted the Department's ability to identify high risk claims and investigate them before they were paid.

We appreciate the two primary recommendations from the State Auditor as they affirm the actions and investments ESD has already made and on which they are seen as a national leader.

ESD recovered a total of \$356.4 million but must complete investigations of suspected fraudulent claims in order to assign the recovered funds. So far they have been able to assign \$250.7 million to known or probable fraudulent claims. ESD continues its investigations into suspected fraudulent claims and to work with the federal Department of Justice to recover the remaining fraudulent payments.

Prior to the surge in fraudulent claims, ESD was already engaged in strong controls required and recommended by the U.S. Department of Labor (USDOL) to prevent imposter fraud, including those identified in UIPL 23-20 on Program Integrity for the Unemployment Insurance (UI) Program and UI programs authorized by the CARES Act. Those activities include use of the NASWA Integrity Data Hub (IDH), namely: identification verification, incarceration cross match, and Suspicious Actor Repository (SAR) checks.

Since the discovery of the surge in fraudulent claims in May 2020, ESD has instituted many additional controls and countermeasures to fraud, to include:

- Stood up a 100-person customer service in-take team to handle reports of fraud.*
- Established a secure portal for receiving verification information from victims and businesses to more quickly identify fraudulent claims, suspend payments and identify payments to recover.*
- Implemented a two-day hold on payments to help investigate fraudulent claims prior to payment, with the help of the McKinsey consulting company*
- Enacted emergency rule WAC 192-140-096 to allow suspension of payments suspected to be fraudulent until an investigation can be completed.*
- Reallocated resources and increased staffing for fraud investigations. Often surging capacity to include hundreds of other agency staff and the Washington National Guard.*
- Repurposed staff for data analytics to detect trends in fraud and improve the discovery process.*

The data shows all of these and other controls implemented are proving to be effective as there has been a dramatic reduction in fraudulent claim attempts since June 2, 2020.

For PUA claims, under the CARES Act language, states were required to rely on applicants' self-certification of eligibility for benefits. States were also required to pay claimants the minimum PUA weekly benefit amounts until documents could be verified and used to increase the weekly benefit amount if applicable. Those who didn't provide any documentation continued to receive the minimum weekly benefit amount. ESD was not allowed to establish stricter controls. The high risk of fraud for the PUA program was noted by the U.S. Department of Labor's Office of Inspector General in reports in April and May 2020, both because of the inherent risk in implementing benefit programs and because of the CARES Act requirements. The challenges are not unique to Washington but are, instead, nationwide.

Auditor's Remarks

We are aware that the pandemic presented a significant challenge to the ESD.

We reaffirm our finding and will follow-up on the status of this finding during the next audit of the state's comprehensive annual financial report.

Applicable Laws and Regulations

WAC 192-110-020

How will the department verify my identity?

When you apply for benefits, the information you provide must be sufficient for the department to confirm your identity to its satisfaction.

(1) If we can verify your identity with this information, we will file your application for benefits.

(2) If we cannot verify your identity, we will request additional verification.

(a) If the additional information provides satisfactory evidence of your identity, your claim will be effective based on the date you first applied for benefits, unless it is backdated as provided in WAC 192 110-095.

(b) If the additional information does not satisfy the department of your identity, we will deny your benefits.

RCW 43.88.160 Fiscal management – Powers and duties of officers and agencies, states in part:

(4) In addition, the director of financial management, as agent of the governor, shall:

- (a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Government Auditing Standards, July 2018 Revision, paragraph 6.40 establishes reporting requirements related to significant deficiencies or material weaknesses in internal control.

Government Auditing Standards, July 2018 Revision, paragraph 6.41 establishes reporting requirements related to instances of fraud or noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

2020-002 The State did not have adequate internal controls over financial reporting to ensure financial activity is properly classified, recorded in the correct period and reconciles to its financial statements.

Background

State management is responsible for designing, implementing and maintaining internal controls to ensure the financial statements are fairly presented, and to provide reasonable assurance regarding the reliability of financial reporting. We identified deficiencies in internal controls that could adversely affect the State's ability to prevent, or quickly detect and correct, misstatements in the financial statements.

Government Auditing Standards, prescribed by the Comptroller General of the United States, requires the auditor to communicate material weakness in internal controls, as defined below in the Applicable Laws and Regulations section, as a finding.

State Board for Community and Technical Colleges

The State Board for Community and Technical Colleges (SBCTC) advocates for, coordinates and directs Washington's system of 34 public community and technical colleges. One of SBCTC's responsibilities is to collect and consolidate community and technical college financial data for reporting in the State's general ledger accounting system. During the previous three audits, we identified and communicated deficiencies in controls over the reporting of community and technical college financial data.

Office of Financial Management

The Office of Financial Management (OFM) is responsible for preparing the State's financial statements in accordance with generally accepted accounting principles (GAAP). These statements provide a thorough and detailed presentation of the State's overall financial condition. OFM is responsible for the overall coordination of financial data across the State used to prepare these statements. At year-end, OFM is also responsible for ensuring the accuracy of the financial information presented in the statements.

Employment Security Department

The Employment Security Department (ESD) is led by a Governor-appointed Commissioner. The Department has approximately 2,032 employees in offices across the state. It operates on a biennial budget of approximately \$1.956 million. The Department administers Washington State's unemployment insurance program. They processed approximately \$1.09 billion in Unemployment Insurance Premium payments and approximately \$105 billion in taxable wage information from employers. The Department paid out more than \$7.5 billion in Unemployment Insurance and

CARES Act benefits to over 926,815 individuals to assist them during the transition to a new job. During fiscal year 2020, ESD estimates it paid about \$600 million in known or likely fraudulent claims.

Description of Condition

Our audit identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a material weakness in internal controls over financial reporting:

SBCTC

The SBCTC did not complete a timely and accurate reconciliation of college financial data with amounts recorded in the State's accounting system before the State closed its books.

OFM

In preparing the State's financial statements, OFM did not identify and separately report fraudulent unemployment benefit payments from legitimate unemployment benefit payments.

ESD

The ESD did not report all receivables in the State's accounting system at June 30, 2020, that resulted from fraudulent claim payments.

Cause of Condition

SBCTC

The SBCTC did not dedicate sufficient time or resources to reconciling the balances and making appropriate adjustments to the State's accounting system. The difficulty of this reconciliation has increased as seven colleges had converted to a new, modernized computer system by fiscal year end while the remainder of schools remained on legacy software.

OFM

OFM did not separately report fraudulent unemployment benefit payments because it does not believe the State has incurred a fraud loss. OFM stated the vast majority of the fraudulent claims were expanded benefits under the federal CARES Act. The Unemployment Compensation Fund is reimbursed for the claim payments and related expenses from the federal government. OFM does not expect the federal Department of Labor to hold the State liable and require repayment.

ESD

The ESD did not report the receivables until the subsequent fiscal year to allow time to investigate and finalize the amounts.

Effect of Condition

SBCTC

We found numerous unexplained variances between consolidated college financial data and amounts recorded in the State's accounting system. Some of these variances include:

- In governmental activities funds, the State's accounting system had larger balances than the consolidated college financial data. These variances included depreciable assets (\$74 million), charges for services (\$63 million), operating grants and contributions (\$163 million), and education expenses (\$198 million).
- In the higher education special revenue funds, the State's accounting system had larger balances than the consolidated college financial data. These variances included cash (\$82 million), charges for services (\$62 million), federal grants-in-aid (\$2 million), and education expenditures (\$65 million).
- In the higher education student services funds, the State's accounting system had a larger balance than the consolidated college financial data for cash (\$19 million).

These errors were not corrected in the financial statements.

OFM

- In the unemployment compensation fund, about \$350 million was inappropriately classified as premiums and claims expense instead of being separately reported as estimated fraud loss expense.

These errors were not corrected in the financial statements.

ESD

The following accounts were misstated in the unemployment compensation fund:

- Receivables was understated by \$111 million.
- Due to other governments was understated by \$54 million.
- Accrued expenditures was understated by \$57 million.

These errors were corrected in the financial statements.

Recommendations

We recommend the following:

SBCTC

Perform a complete and timely reconciliation of college financial data to the State's accounting system throughout the fiscal year

OFM

Implement controls to ensure expenses are presented at a detailed level and accurately describe the accounting event. We further recommend OFM seek confirmation from the Department of Labor that the State will not be held liable to repay the fraudulent claim payments.

ESD

Implement a review process to ensure receivable entries are recorded in the State's accounting system in the correct fiscal year.

State's Response

The State recognizes the significance and priority of internal controls over recording and reporting financial transactions.

OFM will work with the two agencies included in the finding to improve their internal controls over the processing and reporting of financial activities. OFM will continue to provide assistance to the State Board of Community and Technical Colleges in its effort to complete the automated process of transmitting college financial data into the State's accounting system.

Auditor's Remarks

We appreciate the State's commitment to resolve this finding and thank OFM for its cooperation and assistance during the audit. We will review the corrective action taken during the next audit of the state's comprehensive annual financial report.

Applicable Laws and Regulations

RCW 43.88.160 Fiscal management – Powers and duties of officers and agencies, states in part:

- (4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 establishes reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud or abuse, and noncompliance with provisions of law, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

Governmental Accounting Standards Board Codification
P80.114 PROPRIETARY FUND ACCOUNTING AND FINANCIAL
REPORTING

The statement of revenues, expenses, and changes in fund net position should be presented in the following sequence using the all-inclusive format...Operating expenses (detailed)

The Office of Financial Management's *State Administrative and Accounting Manual* (SAAM), states in part:

Section 20.15.30 Annual requirements for agencies related to statewide reporting

The Office of Financial Management (OFM) prepares the state's Comprehensive Annual Financial Report (CAFR) annually. While OFM has final responsibility for the contents of the CAFR, the data in the financial statements and many of the notes to the financial statements are generated from Agency Financial Reporting System (AFRS) transactions input by agencies. Because agencies are in control of transactions entered into AFRS, OFM relies on agency internal control systems and the monitoring of those systems to assert in writing that the CAFR is correct and complete.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

State of Washington
July 1, 2019 through June 30, 2020

2020-003 The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program.

CFDA Number and Title:	10.553 School Breakfast Program (SBP) 10.553 COVID-19 School Breakfast Program (SBP) 10.555 National School Lunch Program (NSLP) 10.555 COVID-19 National School Lunch Program (NSLP) 10.556 Special Milk Program for Children (SMP) 10.556 COVID-19 Special Milk Program for Children (SMP) 10.559 Summer Food Service Program for Children (SFSP) 10.559 COVID-19 Summer Food Service Program for Children (SFSP)
Federal Grantor Name:	U.S. Department of Agriculture
Federal Award/Contract Number:	197WAWA3N1099 207WAWA3N1099
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Suspension and Debarment
Questioned Cost Amount:	None

Background

The Child Nutrition Cluster programs help states administer food services that provide healthy and nutritious meals to eligible children in public and nonprofit private schools, residential child care

institutions, and summer recreation programs as well as encourage the domestic consumption of nutritious agricultural commodities.

The Office of Superintendent of Public Instruction (Office) administers the state's Child Nutrition Cluster programs. The Office spent about \$316 million in federal funds, including non-cash assistance, on eligible child nutrition meals during fiscal year 2020. Most of the assistance was passed through to school food authorities (SFA) and other sponsors as subawards.

Federal regulations prohibit grantees from making subawards under covered transactions to parties that are suspended or debarred from doing business with the federal government. The regulations require grantees to verify that all subrecipients of federal funds are not suspended or debarred using one of three approved methods. The Office's verification procedure is to add a clause or condition to each subaward or contract in which the signer attests they are not suspended or debarred.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Office did not have adequate internal controls over and was not compliant with suspension and debarment requirements for Child Nutrition Cluster program subrecipients. The prior finding number was 2019-004.

Description of Condition

The Office did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program.

The corrective action plan the Office developed in response to the prior audit finding included developing a new Child Nutrition Program Agreement template to include information and attestation to suspension and debarment requirements and updating the internal process for review and approval of program applications.

The Office implemented the new Permanent Agreement in December 2019. The Office halted using the new agreement because of USDA's concerns about the Civil Rights Assurance statement in the Permanent Agreement. To date, the Office continues to wait for USDA clarification.

We consider this internal control deficiency to be a material weakness.

Cause of Condition

The Office was still in the process of updating subrecipient agreements and implementing the new process during the audit period.

Effect of Condition

We used a statistical sampling method to randomly select and examine 58 of a total population of 451 subrecipients or contractors. For the selected subrecipients and contractors, we examined the subaward and contract records to confirm that a suspension and debarment clause was included in agreement. We determined the Office did not require 12 subrecipients (21 percent) to certify that they were not suspended or debarred before receiving federal funds.

We confirmed that the subrecipients and contractors we examined were not suspended or debarred. Therefore, we are not questioning costs related to these payments.

By not verifying that entities are not suspended or debarred, the Office risks making subawards or entering into a contract with suspended or debarred entities. If payments were made to entities who were suspended or debarred, the payment would be unallowable and the Office could have to repay the grantor.

Recommendation

We recommend the Office implement established internal controls and comply with federal suspension and debarment requirements.

Office's Response

The Office concurs with the finding.

In response to the prior year's audit finding the Office:

- *Developed and implemented a new Child Nutrition Programs Agreement template in December 2019. The template includes information and attestation to suspension and debarment requirements.*
- *Updated internal process for review and approval of program applications.*

In September 2020, at the request of the US Department of Agriculture, implementation of the new agreement template was paused to address the civil rights assurance statement in the agreement. As soon as clarification and definitive guidance is received from the federal grantor, the Office will resume the implementation of the new agreement.

The conditions noted in this finding were previously reported in findings 2019-004.

Auditor's Remarks

We appreciate the Office's commitment to resolving this matter. We will follow-up with the Office in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose

of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 2, U.S. Code of Federal Regulation, part 180, states in part:

Subpart B – Covered Transactions, Section 180.200 What is a covered transaction?

A covered transactions is a nonprocurement or procurement transactions that is subject to the prohibitions of this part. It may be a transaction at –

- (a) The primary tier, between a Federal agency and a person (see appendix to this part); or
- (b) A lower tier, between a participant in a covered transaction and another person.

Subpart C–Responsibilities of Participants Regarding Transactions Doing Business With Other Persons, Section 180.300 What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A

deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-004

The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to properly account for USDA-donated foods.

CFDA Number and Title:	10.553 School Breakfast Program (SBP) 10.553 COVID-19 School Breakfast Program (SBP) 10.555 National School Lunch Program (NSLP) 10.555 COVID-19 National School Lunch Program (NSLP) 10.556 Special Milk Program for Children (SMP) 10.556 COVID-19 Special Milk Program for Children (SMP) 10.559 Summer Food Service Program for Children (SFSP) 10.559 COVID-19 Summer Food Service Program for Children (SFSP)
Federal Grantor Name:	U.S. Department of Agriculture
Federal Award/Contract Number:	197WAWA3N1099 207WAWA3N1099
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions – Accountability for USDA-Donated Foods
Questioned Cost Amount:	None

Background

The Child Nutrition Cluster programs help states administer food services that provide healthy and nutritious meals to eligible children in public and nonprofit private schools, residential child care institutions, and summer recreation programs as well as encourage the domestic consumption of nutritious agricultural commodities.

The Office of Superintendent of Public Instruction (Office) administers the state's Child Nutrition Cluster programs. The Office spent about \$316 million, including non-cash assistance, in federal

funds on eligible child nutrition meals during fiscal year 2020. Most of the assistance was passed through to school food authorities (SFA) and other sponsors as subawards.

The United States Department of Agriculture (USDA) makes donated agricultural commodities available for use in operating all child nutrition programs, except the Special Milk Program for Children. The Office contracts with four warehouses to perform its storage and distribution duties. Federal regulations require that an appropriate accounting be maintained for USDA-donated foods, an annual physical inventory be taken and the physical inventory be reconciled with inventory records.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Office did not have adequate internal controls over and was not compliant with requirements to properly account for USDA-donated foods. The prior finding number was 2019-005.

Description of Condition

The Office did not have adequate internal controls over and did not comply with requirements to properly account for USDA-donated foods.

The Office performed an annual physical inventory for all four warehouses. However, we found:

- The Office did not perform proper reconciliations between the federal government distribution report, the Office's internal inventory tracking spreadsheet and the warehouse documentation.
- The Office did not perform a proper reconciliation between physical inventory and the Office's inventory records.
- The Office did not keep supporting records for inventory losses.

We consider these internal control deficiencies to be a material weakness.

Cause of Condition

The corrective action plan the Office developed in response to the prior audit finding included establishing and implementing internal policies and procedures regarding the reconciliation process for donated foods and ensuring physical inventories are reconciled with inventory records.

However, the policies and procedures were not implemented until August 2020, which occurred after the audit period had ended.

Effect of Condition

We conducted an inventory reconciliation using the Office's State Fiscal Year 2019 physical ending inventory records, USDA food order records, distribution records, and the Office's State Fiscal Year 2020 physical ending inventory records. We found that out of 256 food items maintained by the four warehouses, 199 had discrepancies. The Office could not explain the differences.

Without proper reconciliation between physical inventories, inventory records, and the federal government's distribution report, the Office cannot ensure inventory discrepancies are identified and that loss of donated foods is properly accounted for.

Recommendations

We recommend the Office:

- Implement established internal policies and procedures for the USDA-donated foods reconciliation process
- Implement internal controls to ensure physical inventory is reconciled with inventory records
- Follow up on the inventory discrepancies identified

Office's Response

OSPI concurs with this finding. We will implement internal policies and procedures for the reconciliation process of USDA-Donated Foods. These policies and procedures will include internal controls to ensure reconciliation of inventory records to physical inventory.

Auditor's Remarks

We appreciate the Office's commitment to resolving this matter. We will follow-up with the Office in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing

the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

(b) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 7 U.S. Code of Federal Regulations, part 250, states in part:

Section 250.16 Claims and restitution for donated food losses.

(a) Distributing agency responsibilities. The distributing agency must ensure that restitution is made for the loss of donated foods, or for the loss or improper use of funds provided for, or obtained as an incident of, the distribution of donated foods. The distributing agency must identify, and seek restitution from, parties responsible for the loss, and implement corrective actions to prevent future losses.

(b) FNS claim actions. FNS may initiate and pursue claims against the distributing agency or other entities for the loss of donated foods, or for the loss or improper use of funds provided for, or obtained as an incident of, the distribution of donated foods. FNS may also initiate and pursue claims against the distributing agency for failure to take required claim actions against other parties. FNS may, on behalf of the Department, compromise, forgive, suspend, or waive a claim. FNS may, at its option, require assignment to it of any claim arising from the distribution of donated foods.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is

less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 7 U.S. Code of Federal Regulations, part 250, states in part:

§250.12 Storage and inventory management at the distributing agency level.

(a) *Safe storage and control.* The distributing agency or subdistributing agency (which may include commercial storage facilities under contract with either the distributing agency or subdistributing agency, as applicable), must provide facilities for the storage and control of donated foods that protect against theft, spoilage, damage, or other loss. Accordingly, such storage facilities must maintain donated foods in sanitary conditions, at the proper temperature and humidity, and with adequate air circulation. The distributing agency must ensure that storage facilities comply with all Federal, State, or local requirements relative to food safety and health and procedures for responding to a food recall, as applicable, and obtain all required health inspections.

(b) *Inventory management.* The distributing agency must ensure that donated foods at all storage facilities used by the distributing agency (or by a subdistributing agency) are stored in a manner that permits them to be distinguished from other foods, and must ensure that a separate inventory record of donated foods is maintained. The distributing agency's system of inventory management must ensure that donated foods are distributed in a timely manner and in optimal condition. On an annual basis, the distributing agency must conduct a physical review of donated food inventories at all storage facilities used by the distributing agency (or by a subdistributing agency), and must reconcile physical and book inventories of donated foods. The distributing agency must report donated food losses to FNS, and ensure that restitution is made for such losses.

(c) *Inventory limitations.* The distributing agency is subject to the following limitations in the amount of donated food inventories on-hand, unless FNS approval is obtained to maintain larger inventories:

(1) For TEFAP, NSLP and other child nutrition programs, inventories of each category of donated food may not exceed an amount needed for a six-month period, based on an average amount of donated foods utilized in that period; and

(2) For CSFP and FDPIR, inventories of each category of donated food in the food package may not exceed an amount needed for a three-month period, based on an average amount of donated food that the distributing agency can reasonably utilize in that period to meet CSFP caseload or FDPIR average participation.

(d) *Inventory protection.* The distributing agency must obtain insurance to protect the value of donated foods at its storage facilities. The amount of such insurance must be at least equal to the average monthly value of donated food inventories at such facilities in the previous fiscal year. The distributing agency must also ensure that the following entities obtain insurance to protect the value of their donated food inventories, in the same amount required of the distributing agency in this paragraph (d):

(1) Subdistributing agencies;

(2) Recipient agencies in household programs that have an agreement with the distributing agency or subdistributing agency to store and distribute foods (except those recipient agencies which maintain inventories with a value of donated foods that do not exceed a defined threshold, as determined in FNS policy); and

(3) Commercial storage facilities under contract with the distributing agency or with an agency identified in paragraph (d)(1) or (2) of this section.

(e) *Transfer of donated foods.* The distributing agency may transfer donated foods from its inventories to another distributing agency, or to another program, in order to ensure that such foods may be utilized in a timely manner and in optimal condition, in accordance with this part. However, the distributing agency must request FNS approval. FNS may also require a distributing agency to transfer donated foods at the distributing agency's storage facilities or at a processor's facility, if inventories of donated foods are excessive or may not be efficiently utilized. If there is a question of food safety, or if directed by FNS, the distributing agency must obtain an inspection of donated foods by State or local health authorities, as necessary, to ensure that the donated foods are still safe and not out-of-condition before transferring them. The distributing agency is responsible for meeting any transportation or inspection costs incurred, unless it is

determined by FNS that the transfer is not the result of negligence or improper action on the part of the distributing agency. The distributing agency must maintain a record of all transfers from its inventories, and of any inspections related to such transfers.

(f) *Commercial storage facilities or carriers.* The distributing agency may obtain the services of a commercial storage facility to store and distribute donated foods, or a carrier to transport donated foods, but must do so in compliance with procurement requirements in 2 CFR part 200, subpart D, and USDA implementing regulations at 2 CFR parts 400 and 416. The distributing agency must enter into a written contract with a commercial storage facility or carrier, which may not exceed five years in duration, including any extensions or renewals. The contract must include applicable provisions required by Federal statutes and executive orders listed in 2 CFR part 200, appendix II, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, and USDA implementing regulations at 2 CFR parts 400 and 416. The contract must also include, as applicable to a storage facility or carrier, provisions that:

- (1) Assure storage, management, and transportation of donated foods in a manner that properly safeguards them against theft, spoilage, damage, or other loss, in accordance with the requirements in this part;
- (2) Assure compliance with all Federal, State, or local requirements relative to food safety and health, including required health inspections, and procedures for responding to a food recall;
- (3) Assure storage of donated foods in a manner that distinguishes them from other foods, and assure separate inventory recordkeeping of donated foods;
- (4) Assure distribution of donated foods to eligible recipient agencies in a timely manner, in optimal condition, and in amounts for which such recipient agencies are eligible;
- (5) Include the amount of insurance coverage obtained to protect the value of donated foods;
- (6) Permit the performance of on-site reviews of the storage facility by the distributing agency, the Comptroller General, the Department of Agriculture, or any of its duly authorized representatives, in order to determine compliance with requirements in this part;

- (7) Establish the duration of the contract, and provide for extension or renewal of the contract only upon fulfillment of all contract provisions;
- (8) Provide for expeditious termination of the contract by the distributing agency for noncompliance with its provisions; and
- (9) Provide for termination of the contract by either party for other cause, after written notification of such intent at least 60 days prior to the effective date of such action.

250.16 Claims and restitution for donated food losses.

(a) *Distributing agency responsibilities.* The distributing agency must ensure that restitution is made for the loss of donated foods, or for the loss or improper use of funds provided for, or obtained as an incident of, the distribution of donated foods. The distributing agency must identify, and seek restitution from, parties responsible for the loss, and implement corrective actions to prevent future losses.

(b) *FNS claim actions.* FNS may initiate and pursue claims against the distributing agency or other entities for the loss of donated foods, or for the loss or improper use of funds provided for, or obtained as an incident of, the distribution of donated foods. FNS may also initiate and pursue claims against the distributing agency for failure to take required claim actions against other parties. FNS may, on behalf of the Department, compromise, forgive, suspend, or waive a claim. FNS may, at its option, require assignment to it of any claim arising from the distribution of donated foods.

§250.19 Recordkeeping requirements.

(a) *Required records.* Distributing agencies, recipient agencies, processors, and other entities must maintain records of agreements and contracts, reports, audits, and claim actions, funds obtained as an incident of donated food distribution, and other records specifically required in this part or in other Departmental regulations, as applicable. In addition, distributing agencies must keep a record of the value of donated foods each of its school food authorities receives, in accordance with §250.58(e), and records to demonstrate compliance with the professional standards for distributing agency directors established in §235.11(g) of this chapter. Processors must also maintain records documenting the sale of end products to recipient agencies, including the sale of such end products by distributors, and must submit monthly performance reports, in accordance with subpart C of this part and with any other recordkeeping requirements included in their

agreements. Specific recordkeeping requirements relating to the use of donated foods in contracts with food service management companies are included in §250.54. Failure of the distributing agency, recipient agency, processor, or other entity to comply with recordkeeping requirements must be considered prima facie evidence of improper distribution or loss of donated foods and may result in a claim against such party for the loss or misuse of donated foods, in accordance with §250.16, or in other sanctions or corrective actions.

(b) *Retention of records.* Records relating to requirements for donated foods must be retained for a period of three years from the close of the fiscal or school year to which they pertain. However, records pertaining to claims or audits that remain unresolved in this period of time must be retained until such actions have been resolved.

§250.21 Distributing agency reviews.

(a) *Scope of review requirements.* The distributing agency must ensure that subdistributing agencies, recipient agencies, and other entities comply with applicable requirements in this part, and in other Federal regulations, through the on-site reviews required in paragraph (b) of this section, and the review of required reports or audits. However, the distributing agency is not responsible for the review of school food authorities and other recipient agencies in child nutrition programs. The State administering agency is responsible for the review of such recipient agencies, in accordance with review requirements of part 210 of this chapter.

(b) *On-site reviews.* The distributing agency must conduct an on-site review of:

- (1) Charitable institutions, whenever the distributing agency identifies actual or probable deficiencies in the use of donated foods by such institutions, through audits, investigations, complaints, or any other information;
- (2) Storage facilities at the distributing agency level (including commercial storage facilities under contract with the distributing or subdistributing agency), on an annual basis; and
- (3) Subdistributing and recipient agencies in CSFP, TEFAP, and FDPIR, in accordance with 7 CFR parts 247, 251, and 253, respectively.

(c) *Identification and correction of deficiencies.* The distributing agency must inform each subdistributing agency, recipient agency, or other entity of any deficiencies identified in its reviews, and recommend specific actions to correct such deficiencies. The distributing agency must ensure that such agencies or entities implement corrective actions to correct deficiencies in a timely manner.

2020-005 The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant.

CFDA Number and Title:	10.557 Special Supplemental Nutrition Program for Women, Infants and Children
Federal Grantor Name:	U.S. Department of Agriculture, Food and Nutrition Service
Federal Award Number:	19WAWA7W1003; 19WAWA7W1006; 207WAWA7W1003; 207WAWA7W1006
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Cash Management
Known Questioned Cost Amount:	None

Background

The Department of Health (Department) operates the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). WIC is funded exclusively with federal grants from the U.S. Department of Agriculture.

WIC serves pregnant women, new and breastfeeding moms, and children younger than 5, who are at or below 185 percent of the federal poverty level. WIC provides:

- Nutrition ideas and tips on how to eat well and be more active
- Breastfeeding support, such as access to a peer counselor and breast pumps (varies by clinic)
- Health screenings and referrals
- Monthly benefits for healthy food, such as milk, cereal, fruits and vegetables

The primary purpose of the Cash Management Improvement Act (CMIA) agreement is to ensure states request federal funds when they are needed so that no interest is gained or lost by either the federal or state governments. The agreement specifies the funding technique the Department should use when requesting federal funds.

For program administrative costs and payments to providers, the Department shall draw funds semi-monthly, according to the state payroll schedule. For daily food benefit payments, the Department shall draw funds, which are calculated on the amounts net of rebates from manufacturers, twice weekly.

The Department spent about \$93 million in federal grant funds during fiscal year 2020. Of this amount, it paid about \$46.5 million in food benefits to WIC clients, and \$46 million in administrative costs and payments to providers.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls over and was not compliant with cash management requirements. The prior finding numbers were 2019-006 and 2018-006.

Description of Condition

The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the WIC grant.

Staff responsible for performing cash draws had access to a draw schedule indicating when draws were to be performed based on their respective CMIA agreement. However, staff did not retain documentation to show their use of the draw schedule from July 2019 until February 2020. Management did not effectively monitor to ensure draws were completed in a timely manner.

Beginning in March 2020, staff began retaining documentation showing that draws were performed in line with the draw schedule to ensure they were completed in accordance with the CMIA agreement.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

During fiscal year 2020, the Department was short-staffed due to vacancy and reallocation of staff to the Incident Management Team in response to the COVID-19 pandemic. This, as well as staff vacations during holidays, resulted in the non-compliance.

Effect of Condition

When the Department drew federal funds, it ensured the amounts drawn were correct based on actual payments. However, the Department did not monitor its federal drawdown

frequency to ensure it complied with the CMIA. We used a statistical sampling method to randomly select and examine 14 of the 90 bi-weekly draws and all the 27 semi-monthly draws the Department performed during the year. We found:

- Two of the 14 sampled bi-weekly draws were the only draws performed for their respective weeks.
- Three of the 27 semi-monthly draws we examined were not drawn on the state payroll schedule, as required. We also determined that the Department made no semi-monthly draws in July 2019 and August 2019.

Violations of the CMIA can result in the grantor denying the state payment or credit for the resulting federal interest liability or other sanctions. Delaying federal draw-down requests also results in state funds being advanced longer than necessary and lost interest revenue for the state.

Recommendation

We recommend the Department improve its monitoring to ensure staff perform cash draws in accordance with the state's CMIA agreement.

Department's Response

The Department only partially concurs with this finding.

We appreciate the State Auditor's Office (SAO) audit of the Women, Infant and Children grant. The Department is committed to ensuring our programs comply with federal regulations and understand that it is SAO's point of view that we were not in compliance with the federally approved Cash Management Improvement Act (CMIA). The Department agrees that we can increase our monitoring and internal controls and has implemented tracking controls to document our timely performance of cash draws.

However, we do not agree that the Department was out of compliance with the intent of the CMIA and the approved Treasury State Agreement (TSA). The purpose of the CMIA is to ensure the timely disbursement of federal funds. During all of 2020, the Department has been heavily involved in the response to the Covid-19 pandemic. As the auditor mentioned above, staff responsible for performing the WIC draws were required to transfer from their normal duties to work other duties within the response. The Department still ensured that draws were made in a manner that would guarantee that neither the state nor the federal grantor were required to pay interest earnings. All draws were made on costs that were already incurred and in line with the approved funding technique in the TSA.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (c) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 31 Code of Federal Regulations part 205.29 What are the State oversight and compliance responsibilities?, states in part:

- (d) If a State repeatedly or deliberately fails to request funds in accordance with the procedures established for its funding techniques, as set forth in § 205.11, § 205.12, or a Treasury-State agreement, we may deny the State payment or credit for the resulting Federal interest liability, notwithstanding any other provision of this part.
- (e) If a State materially fails to comply with this subpart A, we may, in addition to the action described in paragraph (d) of this section, take one or more of the following actions, as appropriate under the circumstances:
 - (1) Deny the reimbursement of all or a part of the State's interest calculation cost claim;
 - (2) Send notification of the non-compliance to the affected Federal Program Agency for appropriate action, including, where appropriate, a determination regarding the impact of non-compliance on program funding;
 - (3) Request a Federal Program Agency or the General Accounting Office to conduct an audit of the State to determine interest owed to the Federal government, and to implement procedures to recover such interest;
 - (4) Initiate a debt collection process to recover claims owed to the United States; or
 - (5) Take other remedies legally available.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

The Cash Management Improvement Act (CMIA) of 2020, states in part:

6.2 Description of Funding Techniques, 6.2.1: The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Clearance, ZBA – ACH

The State shall request funds such that they are deposited by ACH in a State account on the settlement date of payments issued by the State. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be for the amount of funds that clear the State's account on the settlement date. This funding technique is interest neutral.

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Modified Direct Program Costs -Admin, Payroll, Payments to Providers (ACH Drawdown on Payroll Cycle)

The State shall request funds for all direct administrative costs and/or payroll costs, and/or payments made to providers and to support providers. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. The State payroll cycle is payday twice a month. Draws made day before payday are for deposit on payday. The draw request will be made in accordance with cut-off time in Exhibit 1. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. This funding technique is interest neutral.

6.3.2 Programs

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children

Recipient: 303---Department of Health---DOH

% of Funds Agency Receives: 66.00

Component: Direct program/benefit payments for food voucher redemption through United Community Bank, which acts as the state's fiscal agent in the program. The state's drawdowns are based on the actual expenditures and are made twice weekly into ASAP for ACH payment to State Treasury. Rebates offset the direct program/benefit payments. This is a zero balance account.

Technique: Actual Clearance, ZBA-ACH

Average Day of Clearance: 0 Days

Recipient: 303---Department of Health---DOH

% of Funds Agency Receives: 34.00

Component: Administrative costs including payroll-Semi-monthly Federal draw requests performed one to three days prior to state's semi-monthly paydays for reimbursement of salary, benefits, contractual and related expenditures.

Technique: Actual Clearance, ZBA - ACH

Average Day of Clearance: 0 Days

2020-006

The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.

CFDA Number and Title: 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558 Temporary Assistance for Needy Families (TANF)
93.556 Refugee and Entrant Assistance-State Administered Programs
93.778 Medical Assistance Program

Federal Grantor Name: USDA Food and Nutrition Services
Administration for Children & Families

Federal Award Number: 201919S251447; 202020S251447; 5-1905WA5ADM; 5-2005WA5ADM; G-1901WARCMA; G-2001WARCMA; G1901WARSOC; G-2001WARSOC; G-1901WATANF; G-2001WATANF

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Activities Allowed/Unallowed Allowable Costs/Cost Principles

Known Questioned Cost Amount: None

Background

The Department of Social and Health Services (Department) uses the Random Moment Time Sample (RMTS) as a method to allocate costs for its field operations to the state and federally funded programs.

Department staff generally work on multiple programs throughout a workday, which makes maintaining a timesheet difficult and time consuming. RMTS simplifies how the Department allocates the cost of time and effort to state and federal programs. RMTS is a sampling tool that is used to generate statistically valid statewide estimates of various activities performed by Department employees. The Department uses a system called Barcode to allow staff to work on client cases, document information, generate samples and compile RMTS results.

The Department includes its use of RMTS in its Public Cost Allocation Plan (PACAP) with the federal grantor. The PACAP is approved annually and outlines the general operating policies and procedures RMTS staff must follow.

For RMTS to properly calculate the percentages of activities performed by Department staff, it first must identify a sampling universe that is accurate and complete. The sampling universe lists the eligible worker types to be included and is updated monthly to ensure the sample includes all eligible employees. RMTS coordinators are responsible for updating the list of workers by the 19th day of each month. Sampled workers are responsible for the accurate and timely completion of the RMTS sample and must complete samples within two hours of receiving them. RMTS coordinators must complete samples on behalf of the worker in accordance with the PACAP if the worker is unavailable to do so. At the end of the month, the samples are compiled and results are entered into the cost allocation system.

During fiscal year 2020, the Department used RMTS to allocate about \$114 million to the following federal programs: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Refugee and Entrant Assistance-State Administered Programs, and the Medical Assistance Program.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over RMTS and did not comply with some PACAP requirements.

Monthly employee reconciliations for sample universe

An Operation Analyst is responsible for performing monthly employee reconciliations that compare current staff on the payroll to a list of employees who were included in the previous month's sample population to ensure that the sampling population is complete. We requested supporting records to show that the Operation Analyst completed monthly reconciliations. In one instance, the Department did not have records to show the monthly reconciliations were performed.

Monthly employee updates

We examined all 11 of the monthly reconciliations the Operation Analyst created and forwarded to the RMTS coordinators to update eligible staff in Barcode. For all 11 months, RMTS coordinators did not update all changes identified on the staff list in Barcode.

RMTS auditors that update worker samples on behalf of sampled worker

The PACAP requires RMTS auditors to audit 10 percent of the 1,500 samples generated each month.

We used a non-statistical sampling method to randomly select and examine 23 of the 233 RMTS samples corrected by the auditor. In two instances, the auditors completed the worker's sample with unsupported activities. This was not allowed by the PACAP.

RMTS coordinators completing samples on behalf of sampled worker

The PACAP requires RMTS coordinators to respond for sampled workers who are not on the job at the sample time or unable to respond to the sample moment after two hours. If the sampled worker was on the job and unable to respond after two hours, the coordinator is to review systems to determine worker's activity during the sample time and complete the sample moment with the appropriate information.

We used a statistically valid sampling method to randomly select and examine 58 of the 3,803 RMTS samples that the sampled worker did not respond to and were completed by coordinators. In three instances, the coordinators completed the worker's sample with no supporting evidence. This was not allowed by the PACAP.

RMTS results updated incorrectly in the Cost Allocation System

The Barcode RMTS database compiles the electronic results information and produces a monthly results summary report. The results from the most recent three months are combined to produce a statistically valid percentage of participation for each program (base edit workbooks). This information is transmitted to the Office of Accounting Services (OAS), which enters the information into the automated Cost Allocation System.

We used a non-statistical sampling method to randomly select and examine five of the 12 base edit workbooks that were created during the fiscal year. In two instances, the monthly RMTS results were entered incorrectly, which led to program percentages being uploaded incorrectly into the Cost Allocation System.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

The issue was reported as a finding in the prior audit, as finding 2019-008.

Cause of Condition

Regarding *monthly employee reconciliations* and *monthly employee updates*, the Department had not completed its corrective action plan for the prior audit finding.

RMTS auditors that update worker samples on behalf of sampled worker

Department management did not effectively monitor RMTS auditors who updated RMTS samples, which did not align with the PACAP.

RMTS coordinators completing samples on behalf of sampled worker

RMTS Coordinators were not adequately trained on the new PACAP criteria established by Department management.

RMTS results were updated correctly in the Cost Allocation System

Department management did not effectively monitor to ensure that RMTS results were updated correctly into the Cost Allocation System.

Effect of Condition

The Department's inadequate internal controls affected the integrity of its RMTS sample universe and also led to incorrect percentages being used for federal reimbursement. An erroneous sample could cause the costs charged by the Department for its headquarters and regional operations to federally funded programs to be unallowable according to the PACAP. When RMTS results are incorrectly entered into the base edit workbook, the Cost Allocation System will incorrectly allocate the cost of salaries and benefits to state and federal programs.

Recommendations

We recommend the Department:

- Ensure monthly staff reconciliations are performed every month
- Implement a review process to ensure RMTS coordinators properly update the staff list in Barcode
- Ensure that RMTS coordinators and auditors make changes to RMTS samples only if their review of systems shows support for the change
- Ensure that RMTS results were updated correctly into the Cost Allocation System

Department's Response

The Department concurs with the audit finding.

As part of our corrective action plan for the SFY 2019 audit finding (2019-008), the Department:

- *Implemented a process in January 2021 to ensure monthly staff reconciliations were performed. The Department also developed standard guidelines and procedures for updating the eligible staff list in Barcode.*

- *By February 28 2021, the Department will develop and implement a process to conduct a monthly review on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode.*

Upon discovery of the errors related to the RMTS results that were entered incorrectly into the base edit workbooks, the Department immediately updated the process for completing the workbooks to ensure the RMTS results are updated correctly into the Cost Allocation System going forward.

To further ensure the accuracy of the RMTS results, the Department will:

- *Update current guidance to provide additional examples to staff on types of activities that are appropriate for each selection.*
- *Ensure RMTS auditors review the Public Assistance Cost Allocation Plan and are aware of when it is appropriate to modify an RMTS sample during an audit.*
- *Complete a one-time review of a subset of RMTS samples to conduct root cause analysis and determine whether additional training, procedure changes or system changes are needed*

Due to the timing and frequency of the audits, we acknowledged in our SFY 2019 response that we would likely see the same findings for the SFY 2020 Statewide Single Audit. This is because the state fiscal year spans the period of July 1 through June 30, and the audit process is conducted from August through February (which spans half way through the next SFY). Therefore, the Department is not made aware of a finding until six months after the SFY is over and only has six months to correct the issue before the next audit begins (which is not always feasible). This means the auditor's findings from the previous year will still be an exception during at least the first six months of their current audit period.

This results in the Department receiving repeat findings for two or three years in a row.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the Department's corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.430 Compensation-personal services, states in part:

- (5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.
- (i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:
 - (A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;
 - (B) The entire time period involved must be covered by the sample; and
 - (C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i) (1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse

relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

DSHS RMTS Program Instructions, Pg. 42-52, states in part:

Reports and Analysis

The Barcode RMTS database compiles the electronic results information and produces a monthly results summary report. The results from the most recent three months are combined to produce a statistically valid percentage of participation for each program. This information is transmitted to the Office of Accounting Services (OAS) who enters the information into the automated Cost Allocation System.

Local RMTS Coordinators

By the 19th of each month, the RMTS coordinators must review and update the Barcode list of employees to be sampled to ensure all eligible workers are included for the RMTS sampling. All employees added between the 19th and the date the moments are generated, will be included in the sample pool. Necessary changes to the list of workers must be completed before the samples for that month can be generated.

RMTS coordinators are responsible for ensuring the sampled moments are completed. If a sample worker is not on the job or does not respond, the RMTS Coordinator is responsible for responding on behalf of the sampled workers who are not on the job at the sample time or is unable to respond to the sample moment after 2 hours. If the sampled worker was on the job and unable to respond after 2 hours, the Coordinator will review systems to determine worker's activity during the sample time and complete the sample moment with the appropriate information.

RMTS Auditors

Of the 1500 random samples moments generated each month, 150 (10%) sample moments are pre-selected for audits when completed.

The auditor will log into Barcode and locate the audit from the RMTS- sample list to review the sample results and compare with other resources or systems to determine the accuracy of the sample. Any corrections made by the auditor is included as a final sample response. The auditor must complete the audit of the sample, and make any necessary edits, within 2 business days from the sample completion date.

2020-007 The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.

CFDA Number and Title:	16.575, Crime Victims Assistance
Federal Grantor Name:	U.S. Department of Justice
Federal Award/Contract Number:	2018-V2-GX-0046; 2017-VA-GX-0061; 2016-VA-GX-0044
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient monitoring
Questioned Cost Amount:	None

Background

The Department of Commerce (Department) administers the Crime Victims Assistance program (program). The Department subawards federal funds to subrecipients that assist victims of crime in Washington. During state fiscal year 2020, the Department spent \$51.1 million in federal funds for the program and passed through \$49.1 million of that to subrecipients.

Subrecipients submit monthly reimbursement requests to the Department, using a standardized form. The form itemizes spending by activity, such as salaries and benefits, contract payments and goods and services. For the payments of goods and services, subrecipients must include a list of vendors and items that were purchased. The Department performs desk monitoring of the subrecipient requests before it issues payments. This monitoring focuses only on reimbursement requests for goods and services.

Federal regulations allow subrecipients to charge certain facility and administrative costs to the grant. These costs can be charged as indirect costs because they are incurred for a common or joint purpose benefiting more than one activity. Indirect cost rates can be charged at:

- An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either:
- A rate negotiated between the pass-through entity and the subrecipient; or

- A de minimis indirect cost rate of 10 percent of Modified Total Direct Costs (MTDC), which may be used only if the subrecipient has never received a negotiated indirect cost rate or the Department didn't previously negotiate a rate with the subrecipient.

The Department must identify if subrecipients had previously negotiated a rate with the federal government. If the de minimis rate is chosen, the Department is responsible for knowing whether subrecipients are eligible to use it.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.

We examined the Department's monitoring of 23 subawards issued during the audit period to identify the percentage of federal funds the subrecipients received that were reviewed by the Department.

The Department reviewed \$314,532 (14 percent) out of \$2,215,282 of total payments made for the 23 subawards. The monitoring the Department performed included only reimbursement requests for goods and services. There was no documented evidence to show other activities, such as salaries and benefits and contracted services, were subject to fiscal monitoring. The Department said these activities are reviewed informally. However, staff are not required to keep records showing what they reviewed. In our judgment, this level of monitoring was insufficient to ensure the Department could reasonably detect unallowable or unsupported costs by the subrecipients.

Additionally, during the subaward process, the Department did not ask whether subrecipients had previously been authorized a Federally Negotiated Indirect Rate (FNIR).

During our review of the 23 selected subawards issued by the Department, we found the Department allowed subrecipients to choose either an FNIR or a de minimis rate without first verifying if the subrecipients were eligible for the de minimis rate.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

The issue was reported as a finding in the prior audit as finding 2019-010.

Cause of Condition

The Department believed its monitoring practices were sufficient to detect unallowable or unsupported costs by subrecipients. The Department previously performed more in-depth fiscal monitoring, but discontinued that process after determining it was more effective and sustainable to focus on the portion of goods and services.

During the subaward process, the Department did not know it should verify if subrecipients had ever negotiated an indirect cost rate with the federal government. Management did not establish a process in which they identify the federal subaward requirements that would allow the Department to ensure subawards complied.

Effect of Condition

By not adequately monitoring its subrecipients, the Department is at a higher risk of not detecting or preventing unallowable activities and costs from being charged to the federal grant.

Recommendations

We recommend the Department:

- Expand its fiscal monitoring of subrecipients to include reimbursement requests for all activities and not just those for goods and services
- Require program monitors to keep records to show what they review during fiscal monitoring
- Establish a process to inquire whether subrecipients have ever negotiated an FNIR with the federal government before allowing a subrecipient to request reimbursement using the de minimis indirect cost rate of 10 percent of MTDC

Department's Response

The Department concurs with this repeat finding. In response to the prior finding, the Department implemented all of the recommendations by July 1, 2020.

The Department established procedures to expand fiscal monitoring of its subrecipients during reimbursement, including requiring back up documentation for salaries, benefits, and subcontracted services. The procedure requires the submission of backup documentation for salaries, benefits and contracted services that clearly documents the exact costs, calculations, percentage charged to the grant and allocation method if costs are allocated across multiple fund sources. The backup should clearly link the actual expenditures to the amounts requested for reimbursement on the invoice. These new monitoring procedures were created in February 2020, and formally implemented beginning July 1, 2020 after staff and subrecipients were fully trained.

The Department also established procedure for documenting fiscal monitoring that occurs during in-person site visits. Fiscal monitoring during site visits includes the review of a sample of real-time timesheets to verify and confirm that salary and benefit charges on a previously submitted invoice have appropriate backup documentation on file. Staff also document any fiscal policies and procedures reviewed and any other fiscal monitoring activities are clearly documented in the site visit report. These new monitoring procedures were written in February 2020 and formally implemented beginning July 1, 2020 once staff were fully trained.

The Department updated the certification forms for MTDC eligibility to inquire whether subrecipients have ever negotiated an FNIR with the federal government. This update was formally implemented in February, 2020.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter and will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.

2 CFR 200.414 - Indirect (F&A) costs states in part:

- f. Any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200 - States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge

a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in § 200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Section 200.516 Audit findings, states in part:

(d) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs

specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is

less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-008

The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.

CFDA Number and Title: 16.575, Crime Victims Assistance
Federal Grantor Name: Department of Justice
Federal Award/Contract Number: 2018-V2-GX-0046
Pass-through Entity Name: None
Pass-through Award/Contract Number:

Applicable Compliance Component: Subrecipient Monitoring
Questioned Cost Amount: None

Background

The Department of Social and Health Services (Department) assists in administering the Crime Victims Assistance program (program) through an Inter-local Agreement with the Department of Commerce. The Department subawards federal funds to subrecipients that provide assistance to victims of crime in Washington. During state fiscal year 2020, the Department spent \$12.4 million in federal funds for the program and passed through \$12.0 million of that to subrecipients.

Federal regulations allow subrecipients to charge certain facility and administrative costs to the grant. These costs can be charged as indirect costs because they are incurred for a common or joint purpose benefiting more than one activity. Indirect cost rates can be charged at:

- An approved federally recognized indirect cost rate (FNIR) negotiated between the subrecipient and the federal government or, if no such rate exists, either:
 - A rate negotiated between the pass-through entity and the subrecipient; or
 - A de minimis indirect cost rate of 10 percent of Modified Total Direct Costs (MTDC), which may be used only if the subrecipient has never received a negotiated indirect cost rate or the Department didn't previously negotiate a rate with the subrecipient.

The Department must clearly identify the indirect cost rate in the subaward. If the de minimis rate is chosen, the Department is responsible for knowing whether subrecipients are eligible to use it.

In the prior audit, we reported as a finding that the Department did not have adequate internal controls over and did not comply with subrecipient monitoring requirements. The prior finding number was 2019-009.

Description of Condition

The Department did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program.

During the subaward process, the Department did not inquire if subrecipients had previously been authorized a Federally Negotiated Indirect Rate (FNIR).

We randomly selected and reviewed 11 of 55 subawards issued by the Department during the audit period. We found the subawards did not clearly identify that the indirect cost rate subrecipients were authorized to request for reimbursement.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department was unable to implement the recommendations issued in the prior audit, as six months into this audit period had already passed when the Department received the prior audit finding and recommendations. In that audit, we recommended the Department establish a process to inquire whether subrecipients have ever negotiated an FNIR with the federal government before allowing the subrecipient to request reimbursement using the de minimis indirect cost rate of 10% of MTDC. The subawards reviewed during this audit period were issued prior to our recommendations being made.

Effect of Condition

By not adequately determining if its subrecipients are eligible to elect to utilize the de minimis rate, the Department is at a higher risk of not detecting or preventing unallowable indirect costs from being charged to the federal grant.

Recommendations

We recommend the Department:

- Ensure it complies with federal requirements related to establishment of indirect cost rates for subawards
- Ensure that subawards clearly identify indirect cost rates

Department's Response

The Department concurs with the finding.

Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit

issues will still be outstanding during at least the first six months of the current audit period. For this reason, we anticipate receiving repeat findings for two or three years in a row.

As part of the Department's corrective action plan for the prior year's finding, the Department:

- *Modified the funding application form to require contractors to indicate whether they have ever negotiated a FNIR with the federal government.*
- *Modified the CVA federal contract templates to include the indirect cost rate.*

The Department implemented the aforementioned controls by June 30, 2020. Therefore, the Department and the State Auditor's Office will not see the full benefit of these corrective actions until the SFY 2021 audit.

Although the Department already implemented the SAO recommendation, it is worth noting the Office of Management and Budget (OMB) amended 2 CFR 200.414(f) on August 13, 2020 (the beginning of SFY 2021) to no longer require verification that subrecipients have ever negotiated an FNIR with the federal government before allowing a subrecipient to request reimbursements using the de minimis rate of 10%.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

1. Federal Award Identification

xiii. Indirect cost rate for the Federal award (including if the de minimis rate is charged per 200.414 Indirect (F&A) costs).

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

2 CFR 200.414 - Indirect (F&A) costs states in part:

f. Any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200 - States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in § 200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Section 200.516 Audit findings, states in part:

(e) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control

over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-009 **The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victims Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.**

CFDA Numbers and Titles:	16.575, Crime Victims Assistance 93.568, Low-Income Home Energy Assistance
Federal Grantor Names:	Department of Justice Health and Human Services
Federal Award Numbers:	2019-V2-GX-0034 2018-V2-GX-0046 2017-VA-GX-0061 2016-VA-GX-0044 G-2001 WALIEA G-1901 WALIEA G-18B1 WALIEA G-1801 WALIE4
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Known Questioned Cost Amount:	None

Background

The Department of Commerce (Department) administers the Crime Victim Assistance and Low-Income Home Energy Assistance programs. Both programs subaward federal funds to subrecipients that provide assistance in Washington. During state fiscal year 2020, the Department spent \$51.2 million in federal funds for the Crime Victim Assistance Program and \$62.9 million in federal funds for the Low-Income Home Energy Assistance Program. Of these amounts, the Department passed through \$32 million to subrecipients of the Crime Victims Assistance Program and \$56.4 million to subrecipients of the Low-Income Home Energy Assistance Program.

Federal regulations require the Department to monitor the activities of its subrecipients. This includes ensuring that its subrecipients that spend \$750,000 or more in federal funds during a fiscal year obtain a single audit.

The audits must be completed and submitted to the Federal Audit Clearinghouse no later than nine months after the end of the subrecipient's fiscal year. The Department must also follow up and ensure its subrecipients takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the Department and must issue a management decision within six months of the audit report's acceptance by the Federal Audit Clearinghouse. These requirements help ensure grant money is used for authorized purposes and within the provisions of contracts or grant agreements.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely.

During the subaward process, subrecipients are notified of the requirement to submit all single audit reports on time once completed. However, management did not adequately track when audits were due nor confirm that they were either performed or not required.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

This matter was reported as a finding in the prior audit. The prior finding number was 2019-011.

Cause of Condition

The Department has written policies that describe the process it uses to verify whether each subrecipient required a single audit, monitor audit results, or ensure it issued timely management decisions when required. However, the Department did not follow these policies.

Effect of Condition

We randomly selected and examined records for 20 of the program's 186 subrecipients. We found nine instances (45 percent) when the Department did not monitor subrecipients to ensure their compliance with requirements for obtaining single audits. Of these nine,

four subrecipients never submitted an audit to the Department. The Department was required to determine if the subrecipients received any audit findings related to programs. The Department was also required to issue a management decision to any subrecipient with program-related findings and ensure the issue was corrected. Because it did not know whether subrecipients had findings, the Department did not determine if follow-up was required.

Without reviewing subrecipient audits in a timely manner, the Department cannot ensure it complies with federal law and issues management decisions in a timely manner. Not reviewing audit reports and issuing management decisions in a timely manner also affects the subrecipients, which might be relying on that management decision to determine how they will address the issues identified in their finding.

Recommendations

We recommend the Department:

- Adhere to established policies related to subrecipient audit monitoring
- Determine if subrecipients had program-related audit findings and issue management decisions as required by federal regulation

Department's Response

The Department concurs with this finding. In response to the prior finding, the Department implemented all of the recommendations by August, 2020. The Department updated established policies and procedures in place related to subrecipient audit monitoring. Per policy and procedure, reports are generated using our Contract Management System (CMS) to ensure required audits were received. These reports are ran quarterly. The policy prior to August 2020 was to run a report for contractors who did not submit audits or verification forms if an audit is not required after the required nine (9) months in an effort to collect the required information. The Department changed its policy and procedure to run the report prior to the nine (9) month requirement as a reminder and to ensure we collect the required documents within the required timeframe.

The Department has an established guideline in place related to following up on subrecipient audit findings. When inputting audits into CMS, the audit finding field is checked

“yes” or “no” based on the information in the single audits received. Per the guideline, quarterly, a Findings Report is ran based on the audit finding field checked “yes” and worked to ensure audit findings identified are followed-up and captured into CMS. The Department worked with staff inputting audits into CMS to ensure audits are properly read

and CMS fields are correctly checked to ensure the CMS reports are accurate and we can follow-up on subrecipient audit findings as required by federal regulation.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter and will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
 - (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.
- (f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

Section 200.516 Audit findings, states in part:

- (f) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Section 200.521 Management Decisions, states in part:

- (c) Pass-through entity. As provided in § 200.331 Requirements for pass-through entities, paragraph (d), the pass-through entity must be responsible

for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.

- (d) **Time requirements.** The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-010 The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits.

CFDA Number and Title:	17.225, Unemployment Insurance 17.225, COVID-19 Unemployment Insurance
Federal Grantor Name:	U.S. Department of Labor
Federal Award Number:	UI-32633-19-55-A-53; UI-32736-19-55-A-53; UI-32736-19-55-A-53; UI-34092-20-55-A-53; UI-34198-20-55-A-53; UI-34748-20-55-A-53
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed / Unallowed Allowable Costs / Cost Principles Eligibility
Known Questioned Cost Amount:	\$1,750

Background

The Unemployment Insurance program (UI) was created by the Social Security Act (SSA) and provides benefits under the Unemployment Compensation (UC) program to unemployed workers for periods of involuntary unemployment. It provides a stabilizing effect on the economy by maintaining the spending power of eligible workers while they are between jobs.

The Federal-State Extended Unemployment Compensation Act (EUCA) of 1970 provided for the Extended Benefits (EB) program. During periods of high unemployment, that program pays extended benefits for an additional (or extended) period to eligible unemployed workers who have exhausted their entitlement to UC programs.

The Employment Security Department (Department) administers the state's Unemployment Insurance program. During fiscal year 2020, the Department paid more than \$7.5 billion in unemployment benefits to over 900,000 people.

The federal government and employers in the state primarily fund the program.

To initially be eligible to receive UI benefits, a claimant must:

- Have worked enough hours in the base year
- Have an allowable reason for being unemployed
- Be able and available for work

A claimant must also meet continued eligibility requirements to receive weekly benefit payments.

Claims made to the State for UI payments are vetted through a system review for the likelihood of improper or fraudulent payments.

In response to the COVID-19 pandemic, the U.S. Congress created new financial relief programs to be administered through states' unemployment systems. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided relief to people who suffered financially because of the pandemic. CARES included the Pandemic Emergency Unemployment Compensation program, which extended the number of weeks a person could collect unemployment benefits and the Pandemic Unemployment Assistance program provided benefits to individuals who would not otherwise qualify for benefits under Unemployment Insurance, such as independent contractors and self-employed individuals and met certain COVID-19 eligibility requirements. CARES also included the Federal Pandemic Unemployment Compensation program, which also increased the amount of benefits a person may be eligible to receive \$600 per week.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits.

Specifically, we found:

- The specific element in the fraud scoring tool used was flawed and required fixes that were not implemented until May 14, 2020.
- Cross-matching with other data systems did not operate as designed during the fiscal year.
- The Department did not always verify a claimant's employment status before payment. Before March 8, 2020, a one-week waiting period allowed the Department an opportunity to verify a claimant's employment status.

We consider these internal control deficiencies to be a material control weakness, which led to material noncompliance with eligibility requirements. These issues were not reported as a finding in the prior audit.

Cause of Condition

After the surge in unemployment claims due to the pandemic and the implementation of the CARES Act, existing internal controls over claims were modified and/or eliminated at the direction of the U.S. Department of Labor and Washington's Governor's Office beginning March 8, 2020. Factors contributing to the material control weakness include:

- A significant increase in the volume of weekly claims being submitted, reaching a peak of 181,975 new claims for the week of March 22 to March 28, 2020
- Insufficient guidance to implement the provisions of the CARES Act. USDOL lagged in releasing numerous Unemployment Insurance Program Letters (UIPL) directing the operation of the program, including a significant amount of revised and updated guidance as well as retroactive guidance
- The implementation of a new Pandemic Unemployment Assistance Program, which extended unemployment benefits to individuals not traditionally eligible under the existing program structure. The federal PUA program did not require claimants to submit documentation to substantiate employment or self-employment wages.
- The Department had less of an opportunity to verify a claimant's employment status before payment because the Governor's Office waived the required one-week waiting period for benefit payments by issuing an emergency proclamation. Although this waiver complied with UIPL directives from the U.S. Department of Labor, it also increased the likelihood of improper payments.

Effect of Condition and Questioned Costs

The Department issued 13,922,296 UI benefit payments from April 1, 2020, to June 30, 2020, that cost \$6,069,177,929. We randomly selected and examined 59 payments to determine whether the recipient was eligible for unemployment compensation. We found three instances, totaling \$1,750, when the claimant was not eligible, yet UI benefits were still paid by the Department. We are questioning these costs.

Because a statistical sampling method was used to select the payments we examined, we estimate the total improper payments of federal funds to be \$411,143,165.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions

exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3). We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

The Department provided us documentation on November 18, 2020 showing, as of June 30, 2020, it paid:

- 84,141 claims totaling \$413,714,754 that were known to be fraudulent; and
- 38,434 claims totaling \$188,008,529 that were suspected of being fraudulent.

In total, the Department identified 122,575 claims, totaling \$601,723,283 that were known or suspected of being fraudulent. After evaluating the documentation, we agreed with the Department’s conclusions that the \$601,723,283 is the likely amount of federal questioned costs paid as of June, 30, 2020.

Of the estimated \$601,723,283 of known or suspected fraudulent claims, the Department also gave us documentation showing it had recovered:

- 26,230 claims totaling \$167,645,825 that it knew were fraudulent; and
- 12,339 claims totaling \$83,106,183 that it had assessed were suspected of being fraudulent.

In total, the Department recovered \$250,752,009 related to 38,569 claims. After evaluating the Department’s documentation, we agreed with the Department’s conclusions.

The Department is continuing its efforts to identify and investigate known and suspected fraudulent claims and to recover overpayments and unallowable payments.

Recommendations

We recommend the Department:

- Ensure it verifies claimant employment status before issuing UI payments
- Ensure its cross-matching with other State systems functions as intended
- Continue to seek recovery of improper payments and consult with the grantor to determine whether the questioned costs identified in the audit should be repaid
- Continue working with the U.S. Department of Labor and the U.S. Department of Justice to recover the remaining suspected fraudulent payments

Department’s Response

The Department agrees there was a targeted imposter fraud, and over \$600 million was paid to fraudulent accounts. However, there are several inaccurate statements within this finding. The

Department provided all of the information to the State Auditor's Office (SAO) so they could correct these statements, but SAO chose not to correct them. Below are the statements and the reasons why these statements are not accurate:

"The Department did not always verify a claimant's employment status before payment. Before March 8, 2020, a one week waiting period allowed the Department an opportunity to verify a claimant's employment status."

For UI claims, claimants' qualification for UI is based on employer reports of wages paid and hours worked in employment, as imported from NGTS. So, claimants' employment information in support of eligibility is verified in every case. Verification of employment status for PUA claims was not required prior to payment, and PUA claims do not have a waiting week.

In addition, the CARES Act required the state to accept the claimant's self-attestation of their connection to the labor market, as well as their eligibility reason for PUA. The only item ESD could verify with documentation was a request for benefits above the minimum, which required wage documents. Without documentation, ESD was required to pay PUA at the minimum Disaster Unemployment Assistance (DUA) benefit amount.

The waiting week for UI claims has never been used to verify a claimant's employment status. The purpose of the waiting week is to prevent Washington state from paying out extremely small claims. It was initially started in the 1930s as an actuarial measure to maintain trust fund solvency while focusing efforts on the longer-term unemployed. Without it, the ESD would be forced to send checks for two or three days of unemployment when a claimant experiences short unemployment time frames. Another reason for the waiting week is to encourage claimants to immediately begin searching for new employment.

"The Department had less of an opportunity to verify a claimant's employment status before payment because the Governor's Office waived the required one week waiting period for benefit payments by issuing an emergency proclamation. Although this waiver complied with UIPL directives from the U.S. Department of Labor, it also increased the likelihood of improper payments."

The waiting week is not used to verify employment status and has no impact on the amount of time it takes to process a claim. The federal PUA program requires ESD to pay the minimum benefit without verifying employment status. If the imposter fraud claims before May 14 were backdated to include the week initially waived, this increased the amount of fraud in dollars, but not the fact that the fraud occurred.

Waiving the waiting week did not increase the likelihood of improper payments. We do believe waiving the waiting week affected the dollar value of the fraudulent payments made by ESD.

“The Department issued 13,922,296 UI benefit payments from April 1, 2020, to June 30, 2020, that cost \$6,069,177,929. We randomly selected and examined 59 payments to determine whether the recipient was eligible for unemployment compensation. We found three instances, totaling \$1,750, when the claimant was not eligible, yet UI benefits were still paid by the Department. We are questioning these costs.

Because a statistical sampling method was used to select the payments we examined, we estimate the total improper payments of federal funds to be \$411,143,165.”

This finding is erroneous. Treating all improper benefit payments as questioned costs is unsupported in law and fact.

While ESD made certain improper payments, it is legally incorrect to assume they are “questioned costs” for noncompliance with grant regulations or for lack of documentation to support expenditures, within the meaning of 2 CFR 200.516(a)(3).

The cited rule, 2 CFR 200.516, requires the auditor to report as questioned costs “[m]aterial noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program.” The SAO did not identify any federal statutes or regulations or terms and conditions of federal awards that ESD violated by making benefit payments that it turns out were improper payments. And, 2 CFR 200.84 does not support a different conclusion. That rule defines a “questioned cost” to include a cost questioned by the auditor because of an audit finding “which resulted from a violation or possible violation of a statute, regulation, or terms and conditions of a Federal award.” The SAO did not identify a violation by ESD of a statute, regulation, or term or condition of federal awards by paying benefits to a person who is ultimately ineligible, but who appeared upon their application to be eligible. Doing so is not in and of itself noncompliance with federal requirements.

It is inevitable that certain benefit payments will be made to people who are ineligible. ESD’s obligation under federal and state statutes and regulations and the terms and conditions of federal awards (i.e., here, the CARES program agreements), is to assess overpayments for improper payments and attempt to recover them by reasonable means.

- *RCW 50.20.190 requires individuals’ repayment of UI overpayments, including for fraud, and authorizes deduction from further amounts payable to such individuals*
- *CARES Act, Sec. 2102(h) (PUA: incorporates DUA regulations at 20 CFR Part 625, especially 20 CFR 625.14, and requires individuals’ repayment and states’ offset from further amounts payable to such individuals, stating also: “the State agency shall take all reasonable measures authorized under any State law or Federal law to recover for the account of the United States the total sum of the payment to which the individual was not entitled”);*

- CARES Act, Sec. 2104(f)(2) and (3) (FPUC: requires individuals' repayment, and states' deductions from further amounts payable to such individuals);
- CARES Act, Sec. 2105(f) (waiting week: incorporates same fraud provisions as for PEUC);
- CARES Act, Sec. 2107(e)(2) and (3) (PEUC: requires individuals' repayment, and states' deductions from further amounts payable to such individuals)
- Agreement Implementing the Relief for Workers Affected by Coronavirus Act, signed on 3/27/20, between the State of WA and USDOL, provides: "Consistent with the requirements of the provisions identified in paragraph XIV [which include PUA, FPUC, the waiting week, and PEUC], and the related addenda, the Agency will take such action as reasonably may be necessary to recover for the account of the United States all benefit amounts erroneously paid and restore any lost or misapplied funds paid to the state for benefits or the administration of this Agreement." Sec. VIII.

SAO did not identify any failure on ESD's part in its assessments of overpayments or attempts to recover improper payments by reasonable means.

Expending CARES Act unemployment funds for purposes other than payment of unemployment benefits (e.g., diverting them for support of a different program, etc.) would constitute noncompliance with the relevant laws and terms. But expending them as intended—for unemployment benefits, albeit erroneously, is not noncompliance for purposes of questioned costs, as long as ESD complies with the relevant provisions in the law and its agreement to pursue recoveries. By the logic of SAO's finding, any erroneous payment could be viewed as "questioned costs" supporting an audit finding and triggering a request to repay federal funds. This has not been the view historically in audits. And looking to recent news reports, this would mean by analogy that Californians would perhaps owe up to the federal share of \$11 billion or more in improper payments and Nebraskans up to 66% of unemployment payments to the federal treasury, given their experience with imposter fraud.

See: <https://www-nbcnews-com.cdn.ampproject.org/c/s/www.nbcnews.com/news/amp/ncna1257766>.

Importantly, USDOL, which has audit authority over state workforce agencies, has not so asserted with respect to Washington or other states. Nor has the USDOL Office of Inspector General (OIG). Further, neither USDOL nor its OIG has claimed any improper payments during the pandemic are unallowed costs.

Rather, USDOL tracks improper payment rates and if those rates are higher than acceptable performance levels, this can lead to USDOL requiring corrective action plans designed to reduce future improper payment rates. The Payment Integrity Information Act (PIIA), requires programs to report an annual improper payment rate below 10 percent. The UI program established a performance measure for states to meet the 10% requirement. Accordingly, improper payments

of up to 10% of overall payments is considered an acceptable level of performance in the regular UI program. Failing to follow integrity standards can also lead to USDOL termination of pandemic program agreements or even its decertification of the state UI program. Indeed, if USDOL were to determine ESD “does not have an adequate system for administering these [pandemic] programs, it would... have authority to terminate its agreements... for operating PEUC, PUA, and FPUC, based upon the state’s failure to ensure individuals receiving benefits are eligible for such benefits” UIPL 23-20, at 7. Again, USDOL has not so asserted, and even this remedy does not address repayment, but rather, cessation of future federal pandemic program payments.

Questioning costs or requiring repayment to the federal government of all improper payments is not the remedy, except with respect to the lost wages assistance (LWA) program—which is explicitly governed by different rules and terms.

For LWA, sums erroneously repaid to individuals and not recouped must be repaid to FEMA.

The State Administrative Plan for the Other Needs Assistance Supplemental Payments for Lost Wages, signed on 8/21/20, provides in Section III.E.1 (Recovery of Funds): “The Washington Employment Security Department is responsible for recovering assistance awards from the eligible individuals obtained fraudulently, expended for unauthorized items or services, expended for items for which assistance is received from other means, and awards made in error and for returning funds to FEMA in accordance with 2 C.F.R. § 200.345.” It also provides in Section III.E.4: “The Washington Employment Security Department will reimburse FEMA for the Federal share of awards not recovered through quarterly financial adjustments within the 90 day close out liquidation period of grant award.” And in Section III.E.5: “If Washington does not reimburse FEMA within the 90 day close out liquidation period, FEMA will issue Washington a Notice and Debt Letter (Bill for Collection).”

UIPL 27-20, Change 1 reiterates this: “The state is responsible for refunding to FEMA any unobligated balances that FEMA paid that are not authorized to be retained per 2 C.F.R. 200.343(d). Additionally, the state is also responsible for recovering assistance awards from claimants obtained fraudulently, expenses for unauthorized items or services, expenses for items for which assistance is received from other means, and awards made in error. (44 C.F.R. 206.120(f)(4 and 5)). Section III.E of the State Administrative Plan template provides additional guidance on the Recovery of Funds necessary procedures.”

And FEMA FAQs, linked within UIPL 27-20, Change 2, support the same: “States, territories and the District of Columbia have an obligation to recover all improper payments, including assistance awards fraudulently obtained and awards made in error. (44 CFR § 206.120(f)(5)). Adjustments to state and territory liabilities arising from recovery of improper or fraudulent payments will be made as those funds are returned to FEMA. (See also 2 CFR § 200.344.)

The LWA program was not implemented until September, so none of the payments at issue in this audit are implicated. The different legal standards and terms for LWA are pointed out purely for sake of contrast, and to support that for UI and the CARES Act unemployment benefit programs, improper payments should not be treated as questioned costs.

We would also like to clarify the amount recovered, as reported in our response to the CAFR report, and was provided for this audit, but SAO also chose not to include:

ESD recovered a total of \$356.4 million, but must complete investigations of suspected fraudulent claims in order to assign the recovered funds. So far, they have been able to assign \$250.7 million to known or probable fraudulent claims. ESD continues its investigations into suspected fraudulent claims and to work with the federal Department of Justice to recover the remaining fraudulent payments.

In summary, the unprecedented attack on ESD's system resulted in more than \$600 million being paid on claims that appeared legitimate, but it turns out were not. The waiting week waiver—done to increase federal funds to Washington for claimants and for program administration and to speed economic recovery—did not cause the imposter fraud attack or prevent ESD's detection of it, but it did increase the amount of losses. ESD transparently shared information about the attack and its response. By prompt and extensive effort, ESD recovered much of the funds improperly paid, and those efforts continue. But there is no basis for a requirement that unrecovered federal funds be repaid. In addition to recovering funds, ESD took measures to prevent further losses. Had ESD not so acted, hundreds of millions to billions more could have been paid to imposters. Indeed, other states face similar attacks and experienced significant losses. ESD is a national leader in its imposter fraud response.

Auditor's Remarks

The Department cited part (a)(3) of the CFR 200.516 regulation as the basis for disagreeing about the auditor's responsibility to report the fraud amount as questioned costs. Section (a)(6) of that same regulation states the auditor must issue a finding if **known** or **likely** fraud is identified during the audit, which occurred in this case.

Additionally, CFR 200.53(b), in part, defines an improper payment to be, "any payment to an ineligible party". By definition, an improper payment is a questioned cost. CFR 200.516(a)(3) requires to the auditor to issue a finding when the known or likely questioned costs identified during the audit is \$25,000 or more.

In this audit, we identified and reported \$1,750 in known questioned costs and over \$601 million in likely questioned costs based on information provided by the Department. This condition also requires the auditor to report a finding.

Historically, federal grantors have not requested state agencies repay the likely questioned costs reported in findings. The auditor's responsibility is to report to the grantor the results of the audit. The grantor alone then decides how, or whether, to take action based on the audit results.

Regarding the waiting week and its effect on the fraud, our finding makes clear the waiver of that week is one of the conditions that resulted in financial loss to the State. The Department acknowledges this in its response, stating "We do believe waiving the waiting week affected the dollar value of the fraudulent payments made by ESD."

The Office of the Washington State Auditor stands behind its work and re-affirms our finding. The Department is responsible for establishing effective internal controls to prevent improper payments and safeguard public funds. The loss of public funds that occurred during the audit period was significant and warrants the attention of the federal grantor and the public.

We will continue to audit the Department and verify any improvements to internal controls, as well as verify the amount of known and likely questioned costs related to the unemployment benefits program.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal

entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed

program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (g) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.
- (4) Known questioned costs that are greater than \$25,000 for a Federal program which is not audited as a major program. Except for audit follow-up, the auditor is not required under this part to perform audit procedures for such a Federal program; therefore, the auditor will normally not find questioned costs for a program that is not audited as a major program. However, if the auditor does become aware of questioned costs for a Federal program that is not audited as a major program (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than \$25,000, then the auditor must report this as an audit finding.
- (5) The circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion, unless such circumstances are otherwise reported audit findings in the schedule of findings and questioned costs for Federal awards.
- (6) Known or likely fraud affecting a Federal program award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards. This paragraph does not require the auditor to report publicly information which could compromise investigative or legal proceedings or to make an additional reporting when the auditor confirms that the

fraud was reported outside the auditor's report under the direct reporting requirements of GAGAS.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the

applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Revised Code of Washington 43.88.160 Fiscal management – Powers and duties of officers and agencies, states in part:

(4) In addition, the director of financial management, as agent of the governor, shall:

(a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

WAC 192-110-005

Applying for unemployment benefits—General.

(1) How do I apply for benefits? You may apply for benefits by:

- (a) Using the department's online services; or
- (b) Calling the unemployment claims center; or
- (c) If you have a physical or sensory disability, or are in unusual circumstances that make filing by telephone or internet difficult, the commissioner may authorize other methods of applying for benefits.

(2) When can I apply?

- (a) You may apply online using the department's online services at any time.
- (b) You may apply by telephone (excluding state holidays) during the days and hours designated by the department.

(3) What information am I required to provide? The minimum information needed to process your application is your:

- (a) Legal name; and

(b) Social Security account number. You should also be prepared to provide the names, addresses, dates worked, and reasons for job separation for all of your employers during the past eighteen months. Other information may be required in individual circumstances.

(4) **Will I receive benefits immediately?** The first week you are eligible for benefits is your waiting week. You will not be paid for this week. However, you must file a claim for this week before we can pay you any benefits for future weeks.

Washington Administrative Code 192-110-020 How will the department verify my identity?, states:

When you apply for benefits, the information you provide must be sufficient for the department to confirm your identity to its satisfaction.

(1) If we can verify your identity with this information, we will file your application for benefits.

(2) If we cannot verify your identity, we will request additional verification.

(a) If the additional information provides satisfactory evidence of your identity, your claim will be effective based on the date you first applied for benefits, unless it is backdated as provided in WAC 192-110-095.

(b) If the additional information does not satisfy the department of your identity, we will deny your benefits.

2020-011 The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner.

CFDA Number and Title: 17.225, Unemployment Insurance
17.225, COVID-19 Unemployment Insurance

Federal Grantor Name: U.S. Department of Labor

Federal Award Number: UI-32633-19-55-A-53; UI-32736-19-55-A-53; UI-32736-19-55-A-53; UI-34092-20-55-A-53; UI-34198-20-55-A-53; UI-34748-20-55-A-53

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Special Tests and Provisions: UI Benefit Payments

Known Questioned Cost Amount: None

Background

The Unemployment Insurance program was created by the Social Security Act (SSA), and provides benefits under the Unemployment Compensation program to unemployed workers for periods of involuntary unemployment. It provides a stabilizing effect on the economy by maintaining the spending power of eligible workers while they are between jobs.

The Improper Payment Elimination and Recovery Act (IPERA) of 2010, requires the State Workforce Agencies to maintain a quality control system. The Benefits Accuracy Measurement (BAM) program is the U.S. Department of Labor's quality control system designed to assess the accuracy of Unemployment Insurance benefit payments and denied claims. The program estimates error rates and dollar amounts of benefits improperly paid or denied by projecting the results from investigations in a state.

The Employment Security Department (Department) administers the state's Unemployment Insurance program. During fiscal year 2020, the Department paid more than \$7.5 billion dollars in unemployment insurance benefits to over 900,000 individuals.

Operation of the BAM program revolves around the requirement to draw a weekly sample of payments and denied claims, to be completed promptly, and with an in-depth investigation to determine the degree of accuracy in the administration of the state's Unemployment Compensation

program and compliance with federal law (20 CFR 602.21(d)). The Department has established a dedicated BAM unit to meet these requirements.

The Unemployment Insurance Program Letter No. 12-19 indicates the timeframe and requirements for conducting case sampling for the BAM program. States must complete reviews of:

- 95 percent of the sampled cases within 90 days of the week ending date of the batch; and
- 98 percent of sampled cases within 120 days of the ending date of the annual report period.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements to operate a BAM program and assess the accuracy of Unemployment Insurance benefit payments and denied claims.

The Department did not effectively recruit, develop and retain individuals to ensure it materially complied with BAM case review program requirements.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The Department did not have adequate staffing resources to meet BAM program requirements.

According to management, the program has struggled to maintain adequate staffing due to attrition and funding. Also, once staff are hired, it takes considerable time to train new employees to complete case sampling.

Once the COVID-19 pandemic began, management diverted some program staff to assist with other critical functions across the Department. This was not a critical factor leading to the Department's non-compliance because the federal Department of Labor waived many of the BAM requirements in the 4th quarter of the fiscal year.

Effect of Condition

The Department did not comply with the federally required timelines for completing its case sampling. Specifically, we found the Department completed 70 percent, not 95 percent, of sampled cases within 90 days of the week ending date of the batch.

This was materially noncompliant with BAM program timeliness requirements.

Recommendation

We recommend the Department allocate the necessary staffing resources to ensure it complies with the U.S. Department of Labor's timelines for BAM case sampling.

Department's Response

The Department agrees with this finding and recommendation. The BAM program management has taken steps to increase staffing, improve recruitment, and develop innovative training methods to best prepare new investigators. Management will continue in these efforts until the reason for the finding no longer exists.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter and will follow-up on the corrective action in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

(h) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as

designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 20 *U.S. Code of Federal Regulations* (CFR) Part 602, *Quality Control in the Federal-State Unemployment Insurance System* – Subpart B – Federal Requirements, establishes the following applicable requirements:

Section 602.21 – Standard methods and procedures, states in part:

Each State shall:

- (a) Perform the requirements of this section in accordance with instructions issued by the Department, pursuant to 602.30(a) of this part, to ensure standardization of methods and procedures in a manner consistent with this part;

(b) Select representative samples for QC study of at least a minimum size specified by the Department to ensure statistical validity,

(f) Furnish information and reports to the Department, including weekly transmissions of case data entered into the automated QC system and annual reports,

The U.S. Department of Labor, Employment and Training Administration *Benefit Accuracy Measurement State Operations Handbook – ET Handbook No. 395, 5th Edition*, Chapter VI Investigative Procedures, Section 13. Completion of Cases and Timely Data Entry, states in part:

The following time limits are established for completion of all cases for the year. (The “year” includes all batches of weeks ending in the calendar year.):

- a minimum of 70 percent of cases must be completed within 60 days of the week ending date of the batch, and 95 percent of cases must be completed within 90 days of the week ending date of the batch; and
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the calendar year.

2020-012 **The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure quarterly performance reports for the Workforce Innovation and Opportunity grant were submitted completely and accurately.**

CFDA Number and Title: 17.258 Workforce Innovation and Opportunity Adult Program
17.259 Workforce Innovation and Opportunity Youth Activities
17.278 Workforce Innovation and Opportunity Dislocated Worker Formula Grants

Federal Grantor Name: U.S. Department of Labor

Federal Award Number: AA-30772-17-55-A-53, AA-32219-18-55-A-53,
AA-33263-19-55-A-53, AA-30772-17-55-A-53,
AA-32219-18-55-A-53, AA-33263-19-55-A-53,
AA-30772-17-55-A-53, AA-32219-18-55-A-53,
AA-33263-19-55-A-53

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Reporting

Known Questioned Cost Amount: None

Background

The Employment Security Department (Department) receives federal funding for the Workforce Innovation and Opportunity Act (WIOA) grant from the U.S. Department of Labor (DOL). WIOA authorizes formula grant programs to states to help job seekers access employment, education, training and support services to succeed in the labor market. WIOA provides employment and training programs for adults, dislocated workers, youth and Wagner-Peyser Act employment services administered by DOL.

DOL requires that the Department complete performance reporting using a standardized Participant Individual Record Layout (PIRL). The Department must file the PIRL every quarter using the DOL's Workforce Integrated Performance System.

The DOL also requires that states develop data validation procedures related to the PIRL that include:

- Written description of the process for identifying and correcting errors or missing data, which may include electronic data checks;
- Regular data validation training for appropriate program staff;
- Monitoring protocols, consistent with 2 CFR 200.328;
- A regular review of program data for errors, missing data, out-of-range values and anomalies;
- Documentation that missing and erroneous data identified during the review process have been corrected; and
- Regular assessment of the effectiveness of the data validation process and revisions to the process as needed.

The Department uses the Efforts to Outcome (ETO) system to determine if participants are eligible for programs under the WIOA grant. In addition, ETO tracks their progress while in the program and upon completion. The data captured in ETO is used to compile the data elements reported on the PIRL.

In state fiscal year 2020, the Department spent about \$64.6 million in federal funds for the WIOA grant.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to ensure quarterly performance reports submitted for the WIOA Title I grant were complete and accurate.

The Department did not establish an effective review process to ensure data elements of PIRL quarterly reports were accurate and complete before the reports were submitted to DOL. The Department also did not have written data validation procedures for the PIRL report required by DOL.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

Participant data is extracted from a large database and then transformed with customized code by a contracted vendor to produce the data used to create the PIRL reports. The Department did not complete a review to ensure the code produced by the vendor correctly pulled the data because they did not have sufficient staffing resources.

In January 2020, Department management discontinued an internal project named “Phoenix,” which was intended to address the deficiencies in the PIRL and ETO.

Effect of Condition

We verified the Department submitted all four quarterly PIRL reports to the DOL, as required during fiscal year 2020. We obtained and examined all four reports to determine if the Department accurately prepared them. To identify a population of WIOA participants, data elements 903, 904, and 905 are critical because they represent whether a client participated in the program. Each data element must be completed with one of the following allowable coding options:

- 0 — Participant did not receive services
- 1 — Yes, Local Formula
- 2 — Yes, Statewide
- 3 — Yes, Both Local Formula and State
- 4 — Reportable Individual

We found participants listed in the reports were missing one or more data elements for 903, 904 and 905. The following tables show the proportion of the fields that were blank compared to the total number of fields.

Data Element 903

Quarter	Blanks	Total	Percent
1	158,328	397,797	39.80%
2	152,886	391,444	39.06%
3	154,832	398,152	38.89%
4	170,929	403,537	42.36%

Data Element 904

Quarter	Blanks	Total	Percent
1	159,278	397,797	40.04%
2	153,712	391,444	39.27%
3	155,531	398,152	39.06%
4	171,461	403,537	42.49%

Data Element 905

Quarter	Blanks	Total	Percent
1	159,259	397,797	40.04%
2	153,706	391,444	39.27%
3	155,526	398,152	39.06%
4	171,457	403,537	42.49%

We could not determine the total population of WIOA participants for our testing because these data elements were incomplete and inaccurate. Without complete data, the Department could not demonstrate compliance with reporting requirements nor accurately inform its federal grantor of its current level of program participation.

Recommendations

We recommend the Department:

- Establish written validation procedures for the PIRL report as required by the DOL
- Establish a review process to ensure quarterly PIRL reports are submitted completely and accurately
- Ensure all required elements are completed for participants listed in the PIRL reports before being submitted to DOL

Department's Response

We agree with the finding that ESD did not have adequate internal controls in place. We also acknowledge the recommendations listed above.

These recommendations are already actively being addressed by the agency through the following items.

The Labor Market and Economic Analysis team, which includes System Performance, has taken steps to increase staffing, improve data validation and governance internal controls, updated SLAs and contracts with the existing vendor to redefine Severity 1 issues, and initiated agency-wide executive sponsored PIRL validation and Workforce Innovation Technology (WIT) (e.g. MIS system) replacement project efforts.

We will continue to focus on these items, and planned future improvement efforts, until the reason for the finding no longer exists.

Additional items for consideration:

- *We would like to note that the full data validation framework was not mentioned as part of the scope presented at the SAO entrance.*

- *Additionally, our understanding is that the scope of this audit was focused on the PIRL whereas the finding is focused on the full data validation framework.*
- *ETO is not the only source of data for the PIRL. As we advised SAO, the Next Generation Tax System (NGTS) and the State Wage Interchange System (SWIS) were the sources for wage data.*
- *The vendor provides the data extract from ETO in collaboration with a middleware vendor. This exchange is out of our control and the scripting is proprietary, which creates a significant constraint related to validation and mapping of the PIRL. We're actively managing and attempting to influence this constraint and will continue to do so until resolution is achieved.*

Auditor's Concluding Remarks

We informed the Department in our official entrance document that the PIRL report would be evaluated as part of the audit, including testing of internal controls over and compliance with the reporting requirements set forth in the Uniform Guidance Compliance Supplement. The final draft of the Compliance Supplement was published by the Office of Management and Budget (OMB) in August 2020, which occurred prior to our audit work.

The suggested audit procedures prescribed by the OMB (articulated in Part 3 the Compliance Supplement) for Reporting, which we followed, states:

“3. Select a sample of each of the following report types, and test for accuracy and completeness:

b. Performance and Special Reports

(2) Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.”

In the case of the PIRL report, the ETO serves as the source data used by the Department to prepare the PIRL before submitting it to the DOL. Therefore, we tested the accuracy and completeness of the ETO data contained in the PIRL report. We agree that NGTS and SWIS data is also used in creating the PIRL; however, the data elements that rely on these systems were incomplete. Therefore, there were no further tests of NGTS and SWIS that we could perform.

The Department is ultimately responsible for ensuring the accuracy and completeness of its PIRL reports, regardless of whether it contracts with a vendor to assist with the process.

We reaffirm our finding, and we will follow up on the Department's corrective action during the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.329 Monitoring and reporting program performance.

(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also §200.332.

(b) Reporting program performance. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information. As appropriate and in accordance with above mentioned information collections, the Federal awarding agency must require the recipient to relate financial data and accomplishments to performance goals and objectives of the Federal award. Also, in accordance with above mentioned common information collections, and when required by the terms and conditions of the Federal award, recipients must provide cost information to demonstrate cost effective practices (e.g., through unit cost data). In some instances (e.g., discretionary research awards), this will be limited to the requirement to submit technical performance reports (to be evaluated in accordance with Federal awarding agency policy). Reporting requirements must be clearly articulated such that, where appropriate, performance during the execution of the Federal award has a standard against which non-Federal entity performance can be measured.

(c) Non-construction performance reports. The Federal awarding agency must use standard, governmentwide OMB-approved data elements for collection of performance information including performance progress reports, Research Performance Progress Reports.

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and

productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report submitted by the non-Federal entity and/or pass-through entity must be due no later than 120 calendar days after the period of performance end date. A subrecipient must submit to the pass-through entity, no later than 90 calendar days after the period of performance end date, all final performance reports as required by the terms and conditions of the Federal award. See also §200.344. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (i) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there

is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Training and Employment Guidance Letter (TEGL) WIOA No. 07-18, dated December 19, 2018 - Operating Guidance for the Workforce Innovation and Opportunity Act, states in part:

Guidance for Validating Jointly Required Performance Data Submitted under the Workforce Innovation and Opportunity Act (WIOA)

4. Joint Data Validation Framework. Data validation is a series of internal controls or quality assurance techniques established to verify the accuracy, validity, and reliability of data. Establishing a joint data validation framework based on a consistent approach shared by the Departments will ensure that all program data are consistent and accurately reflect the performance of each core program in each State. To that end, the purposes of validation procedures for jointly required performance data are to:’

- Verify that the performance data reported by States to the Departments are valid, accurate, reliable, and comparable across programs;
- Identify anomalies in the data and resolve issues that may cause inaccurate reporting;
- Outline source documentation required for common data elements; and

- Improve program performance accountability through the results of data validation efforts.

While States must utilize a data validation strategy, the specific design, implementation, and periodic evaluation of that strategy is left to the discretion of the State so long as those strategies or procedures are consistent with these guidelines.

Data validation helps ensure the accuracy of the annual statewide performance reports, safeguards data integrity, and promotes the timely resolution of data anomalies and inaccuracies. As such, it is recommended that States incorporate their data validation procedures into their internal controls procedures, which are required by 2 Code of Federal Regulations (CFR) §200.303. State VR agencies should also consider related guidance issued in Rehabilitative Services Administration (RSA) Policy Directive 16-04.

Each State must develop data validation procedures that include:

Written procedures for data validation that contain a description of the process for identifying and correcting errors or missing data, which may include electronic data checks;

- Regular data validation training for appropriate program staff (e.g., at least annually);
- Monitoring protocols, consistent with 2 CFR §200.328, to ensure that program staff are following the written data validation procedures and take appropriate corrective action if those procedures are not being followed;
- A regular review of program data (e.g., quarterly) for errors, missing data, out-of-range values, and anomalies;
- Documentation that missing and erroneous data identified during the review process have been corrected; and
- Regular assessment of the effectiveness of the data validation process (e.g., at least annually) and revisions to that process as needed.

Performance Accountability, Information, and Reporting System - OMB Control No. 1205-0521:

The report can be found by following this link:

https://www.dol.gov/sites/dolgov/files/ETA/Performance/pdfs/ETA_9170_WIOA_PIRL_Final.pdf

2020-013

The Employment Security Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments or fiscal monitoring for subrecipients of the Workforce Innovation and Opportunity Act grant.

CFDA Number and Title:	17.258 Workforce Innovation and Opportunity Adult Program 17.259 Workforce Innovation and Opportunity Youth Activities 17.278 Workforce Innovation and Opportunity Dislocated Worker Formula Grants
Federal Grantor Name:	U.S. Department of Labor
Federal Award Number:	AA-30772-17-55-A-53, AA-32219-18-55-A-53, AA-33263-19-55-A-53, AA-30772-17-55-A-53, AA-32219-18-55-A-53, AA-33263-19-55-A-53, AA-30772-17-55-A-53, AA-32219-18-55-A-53, AA-33263-19-55-A-53
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed, Subrecipient Monitoring
Known Questioned Cost Amount:	None

Background

The Employment Security Department (Department) receives federal funding for the Workforce Innovation and Opportunity Act (WIOA) grant from the U.S. Department of Labor (DOL). WIOA authorizes formula grant programs to states to help job seekers access employment, education, training and support services to succeed in the labor market. WIOA provides employment and training programs for adults, dislocated workers, youth and Wagner-Peyser Act employment services administered by DOL.

The state subawards a large portion of the federal funds it receives to 12 Local Workforce Development Boards (LWDBs) that provide employment assistance to individuals. The

Department spent \$64.6 million in federal funds for the WIOA cluster in state fiscal year 2020. Of that amount, it paid about \$61.6 million to the LWDBs.

To ensure federal funds are used only for allowable purposes and meet cost principles, the Department performs onsite monitoring of each LWDB every year. To determine the scope of each monitoring visit, the Department performs risk assessments of each LWDB before and during its onsite visits. The onsite monitoring includes a review of a selection of reimbursement requests submitted by the LWDB since the previous onsite monitoring visit.

When LWDB's request funds from the Department, they submit high-level supporting documentation, such as reports from an accounting system. Between monitoring visits, each LWDB spends federal funds from multiple subawards.

In prior audits we reported the Department did not have adequate internal controls over fiscal monitoring requirements to ensure WIOA program funds were being used only for allowable purposes. The prior finding number was 2019-012.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments or fiscal monitoring for subrecipients of the WIOA grant.

Risk assessments

Due to the pandemic and to comply with the Governor's Stay Home, Stay Healthy Order, the Department modified its risk assessment process to review only the documentation Local Workforce Development Boards (LWDBs) could safely provide. As a result, the Department only conducted one remote risk assessment for one of the local WBDs during the last quarter of the fiscal year. The Department did not receive any waivers from the federal government regarding risk assessment requirements.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Fiscal monitoring

Due to the pandemic and to comply with the Governor's Stay Home, Stay Healthy Order, the Department modified its risk assessment process to review only the documentation Local Workforce Development Boards (LWDBs) could safely provide. As a result, the Department only conducted one remote risk assessment for one of the local WBDs during the last quarter of the fiscal year. The Department did not require the LWDBs to submit additional supporting

documentation when requesting reimbursement to compensate for the lack of fiscal monitoring. The Department did not receive any waivers from the federal government regarding subrecipient monitoring requirements.

In our judgment, without conducting fiscal monitoring or examining more supporting documentation with reimbursement requests, the Department did not have adequate internal controls in place to ensure only allowable expenditures were reimbursed to LWDBs and that those expenditures were adequately supported.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

As a result of the Governor's stay-at-home order, the Department could not go onsite and complete its monitoring visits, but did develop a process to perform monitoring visits remotely. The Department could not complete risk assessments for some LWDBs because their documentation was not available in an electronic format.

Effect of Condition

Risk assessments

During the audit period, the Department did not conduct three of 12 (25 percent) of the LWDB risk assessments. Specifically:

- Two LWDBs did not receive their required risk assessment
- One LWDB's risk assessment was started but not completed

Not completing risk assessments of subrecipients makes the Department less likely to detect noncompliance with grant terms and conditions, and federal regulations, by the subrecipients.

Fiscal monitoring

We randomly selected and reviewed the Department's monitoring of five out of 12 LWDBs during our audit period. We found one LWDB did not receive fiscal monitoring as part of its monitoring visit.

We followed up with the Department and was informed it also did not complete fiscal monitoring at three other LWDBs. These three other LWDBs were not included as part of our original sample. We identified four of eight (50 percent) of the LWDBs reviewed did not receive fiscal monitoring as part of the Department's annual monitoring visit.

By not performing fiscal monitoring over subrecipients, the Department is at a higher risk of not detecting or preventing unallowable activities and costs from being charged to the federal grant.

Recommendations

We recommend the Department:

- Request a waiver from the grantor regarding subrecipient monitoring requirements if it cannot conduct risk assessments and fiscal monitoring in future audit periods.
- If a waiver is not obtained, adjust its fiscal monitoring procedures to ensure it obtains reasonable assurance that LWDBs are reimbursed only for allowable expenditures and that those expenditures are supported by adequate supporting documentation

Department's Response

We appreciate external reviews to enhance our subrecipient monitoring processes to further ensure programs are providing needed and valuable services to businesses and residents of Washington State.

When it became apparent the pandemic would last longer than 3-4 weeks, and normal monitoring activity could not resume, ESD did reach out to the Department of Labor (DOL) to seek a waiver. DOL responded they could not give ESD a waiver, but understood the Governor's Stay Home-Stay Healthy Order and encouraged ESD to find alternative approaches and do the best under the circumstances.

ESD worked with each Local Workforce Development Board (Local Board) remaining on the monitoring schedule to determine what documentation they could safely provide electronically without going into their offices. The Local Boards where ESD was unable to perform a comprehensive review due to limited documentation availability did receive a partial review and they were informed the following year's review (PY20) would be expanded to cover two years' worth of expenditures. As a result, every Local Board in Washington State received a monitoring review in PY19, though some were limited in scope.

Over the summer of 2020 ESD developed processes to allow remote and/or virtual subrecipient monitoring, including the development of secure file transfer protocol (SFT) sites to allow the transmittal of sensitive documents.

During the current year's subrecipient monitoring cycle (PY20), the four Local Boards which received a limited scope review in PY19 are being reviewed for the two year's work of expenditures. As a result, there are no gaps in monitoring from PY19 and PY20.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.302 Financial management, states in part:

- (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such Page 78Office of the Washington State Auditor funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450 Lobbying.
- (b) The financial management system of each non-Federal entity must provide for the following (see also §§ 200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):
 - (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the

Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (j) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining whether the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F – Audit

Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;

- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency.)

Section 200.332 Requirements for pass-through entities, states in part:

All pass-through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub award; and that sub award performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.

- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action of all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

- (g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

2020-014

The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.

CFDA Number and Title:	20.205 Highway Planning and Construction 20.219 Recreational Trails Program 20.224 Federal Lands Access Program
Federal Grantor Name:	U.S. Department of Transportation
Federal Award Number:	Too numerous to list. All approved subaward projects under the Federal Highway Administration Stewardship and Oversight Agreement.
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Known Questioned Cost Amount:	None

Background

The Washington State Department of Transportation (Department), Local Programs Office administers federal funding under the Highway Planning and Construction Cluster to local agencies throughout the state for highway construction projects. The Department spent about \$660 million on highway projects during fiscal year 2020. Of that amount, it passed through about \$200 million to local agencies through subawards.

To determine the appropriate level of monitoring, federal regulations require the Department to evaluate each subrecipient's risk of noncompliance with federal statutes and regulations, and the terms and conditions of the subaward. During fiscal year 2020, the Department awarded about \$221 million in new subawards to 140 local agencies for 421 construction projects across the state.

In June 2019, the Department established policies and procedures to address how risk assessments of subrecipients should be performed and documented. The Department delegated the responsibility to complete the risk assessment to the Local Programs Engineers assigned to the regional office that oversees the subrecipient. When the Department prepares to monitor or review a subrecipient, it selects an open and active project and evaluates the subrecipient based on its performance under that project.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster. The prior finding numbers were 2019-016 and 2018-012.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster.

Management did not ensure the Department met the federal requirement to perform risk assessments of subrecipients. We examined 55 of the 421 projects awarded funding during the audit period to determine if the Department performed a risk assessment of each project to determine the appropriate level of monitoring required for the subrecipient. We found 10 of the projects (18 percent) did not undergo a risk assessment.

We consider this internal control deficiency to be a material weakness.

Cause of Condition

Management believed it was already meeting the requirements through its onsite monitoring process carried out by the regional offices. Although the Department did implement a formal risk assessment procedure in June 2019, some of the subawards issued during the audit period were for projects authorized for federal funding before its implementation and management did not ensure risk assessments were conducted for those subrecipient projects.

Effect of Condition

Not performing risk assessments of its subrecipients makes the Department less likely to detect noncompliance with grant terms and conditions, and federal regulations, by subrecipients. Without verifying that risk assessments are completed for each awarded project, the Department cannot ensure risk assessments are performed consistently and using the proper criteria to determine the appropriate amount of monitoring required for each subrecipient project.

Recommendations

We recommend the Department:

- Ensure the required risk assessments are performed and documented, which would allow management to evaluate the results and demonstrate compliance with federal requirements
- Improve its monitoring of region local programs engineering staff to ensure risk assessments are completed for each awarded project receiving federal financial assistance

Department's Response

We appreciate the State Auditor's Office (SAO) audit of the Federal Highway Program. WSDOT is committed to ensuring our programs comply with federal regulations and understand it is SAO's point of view that documentation must be maintained in order to verify WSDOT's compliance with the requirement to assess risk to inform our monitoring of local agencies.

Considering similar findings from previous years, WSDOT implemented a new statewide risk assessment program in June 2019, requiring a written risk assessment on each phase of every project. For projects in progress as of June 2019, Local Program offices began completing assessments as projects moved into each new phase. The State Auditors recognized the Department's implementation of the new risk assessment program during their fieldwork and in their Cause of section of the report finding.

Prior to the pandemic, headquarters Local Programs management visited region Local Program offices once every six months, dependent on the number of active projects, to meet on emergent topics that included risk assessments. When the Governor issued the Stay Home, Stay Healthy order, regional staff's focus was redirected to project shut down, safety, and reopening, which slowed completion of some risk assessments.

The FY 2021 Single Audit should find the risk assessments for projects that begin a new phase during the fiscal year. However, we understand the State Auditor will also look for risk assessments at the time funds are obligated for a local agency project, or a reference to an earlier risk assessment at the time Local Programs authorized the new project phase. Local Programs meets with regional staff remotely and will work with them on how to improve monitoring of timely risk assessments. To further emphasize the importance of risk assessments, Local Programs is also working with regional management to modify position descriptions of regional local programs staff to include the timely completion of risk assessments.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow-up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

- (b) Evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient’s prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of Federal awarding agency monitoring (if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as prescribed in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;

Section 200.516 Audit findings, states in part:

(k) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct,

noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 CFR 200 – Frequently Asked Questions

.331-10 Requirements for Pass-Through Entities. Timing of Subrecipient Risk Assessments, states in part:

Section 200.331(b) indicates that pass-through entities must “evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring...” Are pass-through entities required to assess the risk of non-compliance for each applicant prior to issuing a subaward?

No. While section 200.331(b) requires risk assessments of subrecipients, there is no requirement for pass-through entities to perform these assessments before making subawards. Under the Uniform Guidance, the purpose of these risk assessments is for pass-through entities to determine appropriate subrecipient monitoring. Pass-through entities may use judgment regarding the most appropriate timing for the assessments. Regardless of the timing chosen, the pass-through entity should document its procedures for assessing risk. Section 200.331(b)(1) – (4) includes factors that a pass-through entity may consider when assessing subrecipient risk.

The Department of Transportation's Local Programs Division Risk Assessment Procedure (implemented in June 2019), states in part:

Procedure:

3. Risk assessments are to be completed by the phase of each project. If each phase of the project is funded by Local Programs an initial risk assessment should be completed. If there are no changes in risk assessment in any of the subsequent phases, this can be noted in the original and a new risk assessment form is not required.

2020-015 The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.

CFDA Number and Title: 20.205 Highway Planning and Construction
 20.219 Recreational Trails Program
 20.224 Federal Lands Access Program

Federal Grantor Name: U.S. Department of Transportation

Federal Award Number: Too numerous to list. All approved subaward projects under the Federal Highway Administration Stewardship and Oversight Agreement.

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Subrecipient Monitoring

Known Questioned Cost Amount: None

Background

The Washington State Department of Transportation (Department), Local Programs Office administers federal funding under the Highway Planning and Construction Cluster to local agencies throughout the state for various highway construction projects. The Department spent about \$660 million on highway projects during fiscal year 2020. Of that amount, it passed through about \$200 million to local agencies as subawards.

Federal regulations require the Department to monitor the activities of its subrecipients. This includes verifying that its subrecipients that spend \$750,000 or more in federal awards from all sources during a fiscal year obtain a single audit. The audit must be completed and submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the subrecipient's audit period. These requirements help ensure federal award funds are used for authorized purposes and within the provisions of contracts or grant agreements.

The Local Programs Office communicates annually with all active subrecipients, informing them of the requirement to receive a single or program-specific audit in accordance with 2 CFR Part 200.501 and to ensure that a copy of the audit report is transmitted promptly to the Department. It also uses a tracking system to identify amounts it passed through to subrecipients

as well as to document audit activity for the subrecipients, including the date(s) on which audit reports were due and ultimately received by the Department. The Department must follow up with each subrecipient to get the necessary information to obtain assurance as to whether a single audit is required.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure subrecipients received required single audits, findings related to federal program awards were followed up on, and management decisions were issued. The prior finding number was 2019-017.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits.

We identified 160 subrecipients that received pass-through funding from the Department for its fiscal year 2018 (January 1 – December 31, 2018). Any required audits for these local governments would be due by September 30, 2019, which falls within our audit period.

Subrecipients not monitored by the Department

The Department did not monitor its subrecipients that received less than \$750,000 in pass-through funds from the Department to ensure the subrecipients received an audit or did not require one. This resulted in 100 subrecipients (59 percent) not being monitored to ensure required single audits were performed.

We reviewed the Federal Audit Clearinghouse for fiscal year 2018 single audit reports to determine the number of subrecipients that ultimately received an audit. We found 92 of the Department's subrecipients with subawards funded by the Highway Planning and Construction Cluster received a single audit for fiscal year 2018. Of those 92 subrecipients, 30 (33 percent) were not identified by the Department as requiring a single audit. The Highway Planning and Construction Cluster was audited as a major program for 12 of those 30 audits.

We consider this internal control deficiency to be a material weakness.

Cause of Condition

The Department had previously interpreted the audit requirements outlined in federal rule to only apply to subrecipients that received \$750,000 or more in federal awards from only the Department itself. When the Department did not reimburse \$750,000 or more to a subrecipient, the

Department relied on the subrecipient to inform the Department as to whether a single audit was required for their fiscal year. The Department did not monitor subrecipients of this category to ensure required audits would be completed, regardless of the total pass-through amount it received from all sources.

The Department asserted in its corrective action plan in response to the previous audit finding that informing its subrecipients of the requirement to receive a single audit should they spend \$750,000 or more in federal award funds and provide a copy of the audit report to the Department is sufficient to meet the requirements of 2 CFR 200.332 – *Requirements for pass-through entities*. Since that audit, the Department revised its procedures to require follow up with each local programs subrecipient to ensure no audit is required for their most recent fiscal year. This change took effect during fiscal year 2021.

Effect of Condition

Without establishing adequate internal controls, the Department cannot identify whether its subrecipients met the threshold for an audit required under federal law and ultimately obtained the required audit(s). This increases the risk of undetected noncompliance with federal program requirements and that the Department may not issue management decisions for audit findings.

Recommendation

We recommend the Department:

- Monitor all subrecipients to ensure they respond to the Department regarding their single audit status each year
- Follow up with each of its subrecipients to determine if audits are required to include all subrecipients of federal funds, regardless of the amount the Department passed through

Department's Response

The Washington State Department of Transportation (WSDOT) appreciates the State Auditor's Office audit of the Federal Highway Program. WSDOT is committed to ensuring our programs comply with federal regulations.

The Local Agency Guidelines (LAG) and subaward language requires local agencies to comply with the single audit or program-specific audit requirements. Local Programs provides training throughout each year that includes reminding local agencies of the single audit requirements.

WSDOT Local Programs currently ensures all subrecipients that received federal funding in excess of \$750,000 from WSDOT obtained a single audit and monitors those audits for any deficiencies detected and takes appropriate actions.

In accordance with 2 CFR 200.331 and 2 CFR 200.501, for local agencies receiving less than \$750,000 from WSDOT, Local Programs now sends a communication that outlines federal requirements regarding single audits and seeks written verification from each subrecipient stating whether they are subject to a single audit. If the local agency was subject to a single audit, WSDOT monitors those audits for any deficiencies detected and takes the appropriate actions. The timing of the new communication protocol was delayed from implementation in FY 2020, due to the Governor's Stay Home, Stay Healthy order and Local Program's need to shift efforts to implement a new way of doing business from authorizing federal funds, processing reimbursements, and all other services necessary to ensure reasonable federal compliance, while minimizing any delays to the delivery of local agency capital projects during this critical time. The actions implemented for those agencies receiving less than \$750,000 from WSDOT will be in full effect for the FY 2021 single audit cycle.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow-up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (l) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a

reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Section 200.331 Requirements for Pass-Through Entities, states in part:

All pass-through entities must:

- (f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.
- (h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

Section 200.501 Audit requirements, states in part:

- (a) *Audit required.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

2020-016

The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Construction Cluster.

CFDA Number and Title: 20.205 Highway Planning and Construction
20.219 Recreational Trails Program
20.224 Federal Lands Access Program

Federal Grantor Name: U.S. Department of Transportation

Federal Award Number: Too numerous to list. All approved subaward projects under the Federal Highway Administration Stewardship and Oversight Agreement.

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Subrecipient Monitoring

Known Questioned Cost Amount: None

Background

The Washington State Department of Transportation (Department), Local Programs Office (Office), administers federal funding under the Highway Planning and Construction Cluster to local agencies throughout the state for various highway construction projects. The Department spent about \$659 million on highway projects during fiscal year 2020. Of that amount, it passed through about \$200 million to local agencies as subawards.

Federal regulations require the Department to monitor the activities of its subrecipients to ensure subawards are used for authorized purposes and that activities comply with terms and conditions of the subaward and achieve performance goals. Specifically, monitoring efforts must include reviewing financial and programmatic reports required by the pass-through entity. In addition, the regulations require the Department to determine that subrecipients of federal funds awarded under *Title 23 CFR – Federal Highways* have sufficient accounting controls to properly manage federal funds.

The Office also maintains its own requirements for subawards of federal funds, published in the 2019 Local Agency Guidelines (LAG) Manual. This Manual outlines additional requirements imposed on all subrecipients by the Department, including the requirement to undergo project audits, documentation reviews during the project period of performance, and project management reviews (PMR) prior to closure of each federally funded construction project. Although the Manual

does not provide the periods for when these reviews should occur, the U.S. Department of Transportation, Federal Highway Administration (FHWA) stipulates in its Stewardship and Oversight Agreement (Agreement) with the State DOT that every PMR occur at least every three years for each subrecipient.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Department did not have adequate internal controls over and did not comply with federal requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Construction cluster. The prior finding number was 2019-015.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Constructions Cluster.

The Office did not ensure it completed PMRs of subrecipients every three years, as required by the Agreement. We randomly selected and reviewed six of the 13 PMRs performed by the Office during the audit period and found four (67 percent) were not performed within three years of the previous completed review, as required.

In addition, the Office did not conduct fiscal monitoring of subrecipients to ensure they establish sufficient accounting controls to properly manage Federal funds.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department believed that conducting onsite reviews during the closeout phase of a subrecipient's project was sufficient to provide reasonable assurance of the subrecipient's use of the federal subaward. During the audit period, the Department did not renegotiate terms and conditions of the Agreement with FHWA, and because of the timing of our previous recommendations was not able to ensure PMRs due during the audit period would be completed within three years of the subrecipient agency's previous review. However, this did not meet the requirement for the Department to monitor its subrecipients to ensure they have sufficient accounting controls to manage federal funds.

The Department asserts that FHWA's approval of the LAG Manual supports its current subrecipient monitoring practices, and that based on this approval, no additional subrecipient monitoring procedures are required.

Effect of Condition

Without establishing adequate internal controls, the Department cannot reasonably ensure federal funds are being used for allowable purposes. Without monitoring each subrecipient's use of federal funds and accounting controls over federal funds expended during the period of performance of the subaward, the Department does not have reasonable assurance that the subrecipient has complied with the terms and conditions of the subaward.

In addition, failure to monitor each subrecipient's use of federal grant funds violates the terms and conditions of the Agreement and could result in the termination or suspension of the federal grant award.

Recommendations

We recommend the Department:

- Update its policies and procedures for subrecipient monitoring to comply with all FHWA regulations
- Improve internal controls to ensure project management reviews are completed for every active subrecipient at least every three years, as required under the Agreement
- Implement additional monitoring procedures to ensure subrecipient accounting controls are evaluated in monitoring the subrecipient's use of the federal subaward

Department's Response

The Washington State Department of Transportation (WSDOT) appreciates the State Auditor's Office audit of the Federal Highway Program. WSDOT is committed to ensuring our programs comply with federal regulations.

Our Local Programs Division schedules Project Management Reviews (PMR) every three years as directed in the Federal Highway Administration (FHWA) Stewardship and Oversight Agreement and WSDOT's Local Agency Guidelines (LAG) Manual; however, this year completing on site reviews were problematic given the Governor's Stay Home, Stay Healthy order. Our Local Programs Division had to develop new methods to conduct PMRs remotely. Additionally, FHWA communicated that they support a risk based PMR approach and are currently working to modify its Stewardship and Oversight Agreement template, which would allow WSDOT and other DOT's to modify their agreements to be in line with standard or best practices. Standard or best practices are to complete PMRs on a risk-based approach and to not complete the PMRs until such time as the project is substantially complete or complete. Additionally, PMRs can occasionally be delayed as WSDOT works with the local agency to obtain additional information or gather further

documentation. In light of these standard practices, Local Programs believed they were in compliance with the requirements, but will continue to work with FHWA, the State Auditors, and other stakeholders and take any actions required to ensure it remains compliant with all federal requirements and communicate those actions to appropriate staff and stakeholders. In the interim, our Local Programs Division will attempt to complete the applicable portions of PMR's within the currently required three-year cycle.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow-up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.332 Requirements for pass-through entities, states in part:

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub award; and that sub award performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action of all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

Section 200.516 Audit findings, states in part:

(m) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 23 U.S. Code of Federal Regulations, Chapter 1 – Federal-Aid Highways, Section 106: Project approval and oversight, states in part:

(g) Oversight Program. –

(4) Responsibility of the States. –

(A) In general. The States shall be responsible for determining that subrecipients of Federal funds under this title have

(i) adequate project delivery systems for projects approved under this section; and

(ii) sufficient accounting controls to properly manage such Federal funds.

Title 23 U.S. Code of Federal Regulations, Part 635 – Construction and Maintenance – Contract Procedures states in part:

635.102 – Definitions.

As used in this subpart:

Local public agency means any city, county, township, municipality, or other political subdivision that may be empowered to cooperate with the State transportation department in highway matters.

State transportation department (STD) means that department, commission, board, or official of any State charged by its laws with the responsibility for highway construction. The term “State” should be considered equivalent to “State transportation department” if the context so implies.

635.105 – Supervising agency.

(a) The STD has responsibility for the construction of all Federal-aid projects, and is not relieved of such responsibility by authorizing performance of the work by a local public agency or other Federal agency. The STD shall be responsible for insuring that such projects receive adequate supervision and inspection to insure that projects are completed in conformance with approved plans and specifications.

The U.S. Department of Transportation *Stewardship and Oversight Agreement On Project Assumption and Program Oversight By and Between the Federal Highway Administration (Washington Division) and the Washington State Department of Transportation*, states in part:

Section XI. State and Local Public Agency Oversight Requirements and Reporting Requirements

B. State DOT Oversight of Locally Administered Projects

WSDOT provides oversight through their Local Programs Division. This dedicated staff manages the program by providing guidance, training, and technical assistance to the Local Agencies.

By agreeing to accept federal aid funds, the local agency understands its roles and responsibilities with respect to carrying out the federal aid program. WSDOT is permitted to delegate certain activities, under its supervision, to local agencies (cities, counties, private organizations, or other state agencies) under federal regulation 23 CFR 1.11 and 635.105; however, WSDOT accepts responsibility for delegated activities.

The Local Agency Guidelines (LAG) manual describes the processes, documents, and approvals necessary to administer federal-aid projects by transportation agencies. This manual also outlines WSDOT's oversight and review activities. The Division reviews and approves twice a year the LAG Manual to ensure it complies with FHWA Order 50220.2 (Stewardship and Oversight of Federal-Aid Projects Administered by Local Public Agencies, August 14, 2014).

WSDOT is also required to conduct verification activities to assure that local agency federal aid projects are implemented in conformance with federal aid requirements.

WSDOT conducts Project Management Reviews (PMR) to assess whether the certified agency administered the project in accordance with federal aid requirements. The PMR review is conducted at a minimum every three years on the local agency's project with the most risk associated with it and the local agency's certification acceptance is reevaluated. In addition WSDOT conducts documentation and a final inspection on every local agency federal aid project.

The Washington State Department of Transportation *Local Agency Guidelines Manual* (M 36-63.37 – May 2019), Chapter 53 – Project Closure, states in part:

53.3 Project Reviews

In order to be reasonably certain that local agencies are administering FHWA funds in accordance with the Local Agency Guidelines, WSDOT will perform procedural reviews on selected local agency ad-and-award projects.

These reviews will be:

- Project Management Reviews (PMR) performed by Local Programs
- Documentation Reviews performed by the Region Local Programs Engineer

2020-017

The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.

CFDA Number and Title: 20.205 Highway Planning and Construction Cluster

20.219 Recreational Trails Program

20.224 Federal Lands Access Program

Federal Grantor Name: Department of Transportation

Federal Award Number: Too numerous to list. All approved subaward projects under the Federal Highway Administration Stewardship and Oversight Agreement.

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Special Tests and Provisions: Quality Assurance Program

Known Questioned Cost Amount: None

Background

The Washington State Department of Transportation (Department) administers federal funding under the Highway Planning and Construction Cluster to local agencies throughout the state for their highway construction projects. The Department spent about than \$659 million on highway projects during fiscal year 2020.

Federal regulations require that the Department have a quality assurance (QA) program, approved by the Federal Highway Administration (FHWA), for construction projects on the National Highway System to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the Department or by its designated agent, excluding the contractor.

The Department's QA program requirements are outlined in the Construction Manual, which is approved by FHWA. This manual documents the manner in which materials are tested for acceptance before being incorporated into construction projects. Materials can be accepted in various ways, such as testing of samples, visual inspection, or a certification of compliance from the manufacturer. If a materials test is required, the Department must ensure that the testing is

performed by qualified individuals, including independent testers, consultants or certified Department employees.

To ensure that testing is performed by qualified individuals. Testers must pass a certification exam which consists of a written exam and a performance exam. After passing both they are entered into the Qualified Tester Database and are certified for a period of 5 years, after which they must become recertified by passing both exams again. There are two types of tester qualifications Module and Method.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported as a finding that the Department did not have adequate internal controls over and did not comply with QA program requirements to ensure materials conform to approved plans and specifications for projects funded by the Highways Planning and Construction Cluster. The finding number was 2019-019.

Description of Condition

The Department did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster.

We used a statistically valid sampling method to randomly select 56 of 525 Method testers to verify they were qualified to perform material testing and be in the Qualified Tester Database. We verified that the testers had both their written and performance exam prior to being entered into the tester database.

During our review we found:

- Three testers did not have written dates on their exams and therefore we could not confirm whether they were taken timely
- For four testers the Department was unable to provide documentation for their written tests and for one additional tester the Department was unable to provide documentation for their written or performance tests
- Thirteen of the testers the Department entered as qualified prior to completing all qualifications

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

Department management did not ensure that adequate internal controls were established and followed to ensure that only qualified testers were entered in to the Qualified Tester Database. Specifically, preventative controls were not in place and the Department's detective controls were not sufficient to detect the noncompliance in a timely manner.

Effect of Condition

The Department did not comply with the QA program requirements for ensuring only qualified material testers were entered into the Qualified Tester Database. By not properly verifying and documenting the qualifications of testers, the Department risks using materials that are improperly tested.

Recommendation

We recommend the Department:

- Update its policies and procedures to include review of tester records to ensure all tests have occurred and are properly documented before being entered into the Qualified Tester Database
- Ensure all testers are qualified before they are authorized to conduct material tests

Department's Response

The Washington State Department of Transportation (WSDOT) appreciates the State Auditor's Office (SAO) audit of the Federal Highway Program and the federally required Quality Assurance (QA) program. WSDOT is committed to ensuring our programs comply with federal regulations.

2019 was a transitional year for the qualified tester program, as WSDOT shifted from a program with one-year certifications to a five-year certification program. Many of the exceptions noted in the tester database during the audit resulted from this transition. All materials audited for proper acceptance as part of the quality assurance testing were performed by qualified testers.

The Construction Division will review policies and procedures regarding tester qualifications to ensure compliance and address any concerns identified in the audit and update the WSDOT Construction Manual as needed. Updates to the Construction Manual will include as appropriate procedures for tester certification from the Western Alliance of Quality Transportation Construction. The Construction Division will communicate these updates to the appropriate WSDOT staff and stakeholders to help ensure adherence to federal regulations and Department policies and procedures. The Construction Division will communicate these updates to the appropriate WSDOT staff and stakeholders to help ensure adherence to federal regulations and Department policies and procedures.

Auditor's Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (n) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 23 U.S. Code of Federal Regulations Part 637, Construction Inspection and Approval establishes the following applicable requirements:

Section 637.201 Purpose

To prescribe policies, procedures, and guidelines to assure the quality of materials and construction in all Federal-aid highway projects on the National Highway System.

Section 637.205 Policy

(a) **Quality assurance program.** Each STD shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each Federal-aid highway construction project on the NHS are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in (Section 637.207) and be approved by the FHWA.

(b) **STD capabilities.** The STD shall maintain an adequate, qualified staff to administer its quality assurance program. The State shall also maintain a central laboratory. The State's central laboratory shall meet requirements in (Section 637.209 (a)(2)).

(c) **Verification sampling and testing.** The verification sampling and testing are to be performed by qualified testing personnel employed by the STD or its designated agent, excluding the contractor and vendor.

(d) **Random samples.** All samples used for quality control and verification sampling and testing shall be random samples.

Section 637.207 Quality assurance program

(a) Each STD's quality assurance program shall provide for an acceptance program and an independent assurance (IA) program consisting of the following:

(1) Acceptance program.

(i) Each STD's acceptance program shall consist of the following:

- (A) Frequency guide schedules for verification sampling and testing which will give general guidance to personnel responsible for the program and allow adaptation to specific project conditions and needs.
 - (B) Identification of the specific location in the construction or production operation at which verification sampling and testing is to be accomplished.
 - (C) Identification of the specific attributes to be inspected which reflect the quality of the finished product.
- (ii) Quality control sampling and testing results may be used as part of the acceptance decision provided that:
- (A) The sampling and testing has been performed by qualified laboratories and qualified sampling and testing personnel.
 - (B) The quality of the material has been validated by the verification sampling and testing. The verification testing shall be performed on samples that are taken independently of the quality control samples.
 - (C) The quality control sampling and testing is evaluated by an IA program.

The Department of Transportation Construction Manual (M41-01), Chapter 9: Materials, states in part:

9-1 General

The quality of materials used on the project will be evaluated and accepted in various ways, whether by testing of samples, visual inspection, or certification of compliance. This chapter details the manner in which these materials can be accepted. Requirements for materials are described in Standard Specifications for Road, Bridge, and Municipal Construction M 41-10 Section 1-06 and Division 9.

It is the Project Engineer's responsibility to accept materials in accordance with this chapter. For materials that do not meet specification requirements, the Project Engineer shall contact the State Construction Office which will coordinate with the State Materials Laboratory to determine the appropriate action.

9-1.2D Materials Tracking Program, MTP

The Project Engineer office shall use the Materials Tracking Program (MTP) to maintain the materials documentation information for each State Contract that is administered by that office.

Materials documentation such as approval, acceptance, field verification, CMO and other documentation for each item is required to be maintained for each permanently incorporated material. The Project Engineer office is expected to keep up to date entries for accurate tracking of materials placed on the jobsite and update the MTP to reflect the actual materials and quantities placed.

9-5.4C Method Qualification Examination Requirements

Qualification examinations require the candidate to successfully pass the written and performance examination. Written and performance examinations are given to determine if the tester possesses the knowledge and skills necessary to satisfy the established qualification requirements.

9-5.4D Documentation of Method Qualification

The IAI will be responsible for maintenance of the Region's Qualified tester information in the Tester Qualification Database and in hard copy files within the region. Originals of each tester's qualification examination (written examination and performance examination checklist) will be kept in the region files for a minimum of seven years.

The State Materials Laboratory will be responsible for maintaining the Tester Qualification computer program.

9-5.4H Method Requalification

The WSDOT Method Qualification is valid for five (5) years. A method qualified tester must be requalified prior to the Qualification expiration date. To requalify the tester must pass the written examination and performance examination required for the Method Qualification requested. The qualified tester is responsible for contacting the IAI to arrange for their written and performance examination.

2020-018 The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure the Coronavirus Relief Fund was used for allowable purposes and payments fell within the period of performance.

CFDA Number and Title:	21.019, COVID-19 Coronavirus Relief Fund
Federal Grantor Name:	Department of the Treasury
Federal Award Number:	None
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Period of Performance
Known Questioned Cost Amount:	\$40,095,634

Background

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act authorized the spending of \$2.2 trillion in federal funds to respond to the COVID-19 pandemic.

The CARES Act established the Coronavirus Relief Fund (CRF), which authorized \$150 billion in federal financial assistance for state, local and tribal governments. The CARES Act requires payments from the CRF be used only to cover:

- Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- Costs that were not accounted for in the governments' most recently approved budget as of March 27, 2020; and
- Costs that were incurred during the period that began on March 1, 2020, and ended on December 30, 2020.

Through the CARES Act, Washington was awarded about \$2.95 billion of CRF money to help fund the response to the COVID-19 pandemic. Of this amount, \$1.9 billion was allocated by the Office of Financial Management to state agencies and about \$1.05 billion was sent to local governments. In fiscal year 2020, state agencies spent \$339.8 million in CRF funds.

The Department of Children, Youth and Families (Department) is Washington's lead agency for state-funded services that support children and families. The Department oversees early learning, juvenile rehabilitation and child welfare programs. In fiscal year 2020, the Department spent \$69.4 million in CRF funds.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not establish adequate internal controls over and did not comply with requirements to ensure CRF money was used for allowable purposes and payments fell within the period of performance.

The Department processed two large accounting adjustments that were the basis for its fiscal year 2020 CRF expenditures.

August 2020 accounting adjustment

The first adjustment was completed in August 2020 and totaled \$28.8 million. The basis for this adjustment was to transfer the cost of COVID-19 grants the Department made to child care providers to the CRF. These payments were issued through the Social Service Payment System (SSPS) and ranged from \$250 to \$14,000. The Department established new service codes in SSPS to account for these payments.

To apply for the grants, providers were instructed to use the Department's WA Compass system or submit a hard-copy application. The application stipulated the funds could be used only for:

- Facility / space costs
- Personnel costs
- Utilities
- Health and safety / cleaning supplies
- Food

The application further stipulated providers must remain open and available to provide child care until July 31, 2020, and all grant funds must be spent by September 30, 2020.

We asked the Department what processes it had in place to verify providers complied with the grant requirements and only spent CRF funds for the allowable purposes stated in the application. The Department said it did not establish any such processes and relied solely on the provider's attestation in the application as support for the payments.

We consider this internal control deficiency to be a material weakness.

October 2020 accounting adjustment

The second adjustment was completed in October 2020 and totaled \$40.6 million. The basis for this adjustment was to transfer expenditures the Department paid to child care providers through previously established service codes in SSPS and Departmental expenditures for goods and services and capital outlays to the CRF.

When the Department prepared this accounting adjustment, it did so without effectively identifying the specific transactions that were previously paid to providers through SSPS. We asked the Department to provide information to show what individual payments were charged to the CRF. The Department could not provide this information.

Despite not having identified the specific transactions that were used as the basis for it, the accounting adjustment was approved by management for processing.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

These issues were not reported as a finding in the prior audit.

Cause of Condition

August 2020 accounting adjustment

The Department said it did not establish a process to ensure providers spent COVID-19 grant funds only for allowable purposes because it was not required to by the Department of Treasury. The Department specifically cited the Treasury Frequently Asked Questions (FAQ) numbers 43, 50 and 51 as the basis for its decision. We reviewed these and all other FAQs from the Department of Treasury and did not identify any guidance that indicated a provider's application alone was sufficient to support that costs were allowable.

October 2020 accounting adjustment

The Department said it could not identify the detailed expenditures for this adjustment because it did not have adequate time or resources to meet the deadline established by the Office of Financial Management to record the activity in the State's accounting system.

Also, the October 2020 adjustment included expenditures that had been previously adjusted for other reasons, such as applying the Department's cost allocation methodology. This made identifying the actual transactions used as the basis for the CRF transfer difficult.

Due to the decentralized nature of federal grant management within the state of Washington, Office of Financial Management (OFM) established SAAM 50.30.45 which defines the responsibilities of state agencies administering or expending federal awards. Specifically:

- Develop internal policies in accordance with federal requirements.
- Evaluate and monitor compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

The CRF was awarded directly to the OFM which was subsequently allocated to state agencies based on established criteria. As a pass-through entity, OFM is responsible for complying with the grant terms and conditions as outlined in the CARES Act, but also relies on agencies to exercise prudent management in the use and proper accounting of the funds. OFM has issued statewide communication on the federal requirements relating to the use of the CRF and provided consultation to state agencies in determining the optimal use of the funds.

The Department acted upon guidance from OFM and moved provider increased payments related to COVID to the CRF. Based on the guidance, the Department processed journal vouchers that included payments incurred before March 1, 2020, which led to unallowable expenditures being charged to the CRF. OFM did not adequately review the payment transfers to ensure they complied with the period of performance requirement.

Effect of Condition and Questioned Costs

August 2020 accounting adjustment

By not establishing a process to verify providers spent funds in accordance with grant terms, the Department had no assurance that CRF money was used only for the purposes outlined in the grant applications.

October 2020 accounting adjustment

By not establishing adequate internal controls over its accounting adjustments, the Department did not have reasonable assurance that CRF funds were used only for allowable purposes and fell within the allowed period of performance.

The Department gave us an electronic spreadsheet workbook that contained high-level information the Department used as the basis for its October 2020 accounting adjustment.

Independently, we used the information provided by the Department and identified the following:

- \$15,779,783 in payments that had been paid to providers through SSPS in fiscal year 2020
- \$446,779 for Departmental expenditures, such as goods and services and capital outlays

The difference between the payments we specifically identified and the total of the accounting adjustment was \$24,404,438. We are questioning this amount because the Department could not provide documentation for us to verify whether the expenditures charged to the CRF were allowable or fell within the CRF period of performance.

For the \$15,779,783 of payments made through SSPS that we independently identified, we examined their dates of service to determine if they occurred within the CRF period of performance that began on March 1, 2020. We found payments totaling \$15,691,196 had dates of service between July 1, 2019, and February 29, 2020. These dates fell outside the allowable CRF period of performance and were unallowable for the Department to charge to the CRF.

In total, we are questioning \$40,095,634. We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Department:

- Establish a process to specifically identify payments used as a basis for accounting adjustments before they are charged to federal awards
- Ensure accounting adjustments are adequately supported before approving them for entry into the State's accounting system
- Establish processes to ensure child care providers only spend CRF funds in accordance with Department requirements
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

August 2020 accounting adjustment – Covid-19 Grants to Providers

In March of 2020, when schools were shut down, the Governor asked providers to remain open and continue to provide care. Child care providers continued to provide care to essential workers, and to those families who no longer had access to school. During this time and ongoing increased costs to child care providers include purchasing personal protective equipment (PPE), increased cleaning and sanitization, reduced group sizes and other mitigation efforts related to the Department of Health (DOH) guidance and the Department of Labor and Industries (LNI) requirements.

The Department maintains we acted in good faith and within the intent of the federal grant to provide immediate assistance to child care providers to maintain services during the pandemic. The Treasury guidance available at the time was interpreted to mean that an application for

assistance, with clear parameters around use of funds, was allowable documentation for internal controls. The Administration for Children and Families has also maintained that funding rolling out to child care providers needed to be as flexible and through the least burdensome process possible.

In addition, the grant application included language that providers must keep all receipts and spending documentation and share the information with the Department upon request. At the time of the audit, the Department had not requested any supporting documentation from providers due to the ongoing pandemic, lack of available staffing resources, and inability for staff to access DCYF facilities to open mail and review receipts.

October 2020 accounting adjustment

In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, requiring teleworking, hiring freezes, and staff furloughs. The Cost Allocation and Grants Unit was under resourced due to vacancies and the hiring freeze. In addition, staff were furloughed weekly for the month of July and once per month through October. Teleworking also created a resource issue for the unit due to the inability to process large amounts of data via the state's virtual private network resulting in an increase in data transmission time and a loss of productivity.

The request from OFM and the Legislature to transfer expenditures to the CRF was received during the time that available staff were completing year-end closing entries and reconciliation of the SFY20 expenditures. The Department did not have adequate time or resources to identify the detailed expenditures for this adjustment and meet the deadline established by the Office of Financial Management to record the activity in the State's accounting system.

The Department does not concur with the auditor's opinion that payments processed through SSPS are unallowable because detailed line item expenditure data was not available. All expenditures processed through SSPS are determined eligible for the applicable program prior to payments being made. The expenditures transferred at the high-level were reviewed in whole at the program level to determine eligibility and would have all be allowable for the CRF grant.

In addition, allowable Foster Care retainer payments totaling \$6.8 million were included in the questioned cost but not reviewed due to the tight timeframe available for the audit.

The Department concurs with the auditor's review of expenditures outside of the CRF period of performance and has processed a journal voucher to correct those expenditures.

The Department is committed to complying with grant requirements and will consult with the grantor to determine whether the questioned costs identified in the audit should be repaid.

Auditor's Remarks

While the federal grantor offered flexibility in how funds were disbursed, we reaffirm our position that the Department needs to improve its internal controls over the direct payments to child care payments. Without adequate monitoring, the Department had no assurance that these funds were used for the purpose intended.

It is critical that the Department maintain adequate documentation to demonstrate how every payment is ultimately funded. While payments may be initially determined eligible to be funded by a certain federal program in SSPS, subsequent accounting adjustments may change the eligibility status of those payments. The proper classification of expenditures is also necessary to ensure the State's Schedule of Expenditures of Federal Awards (SEFA) is accurately prepared and the Department reports accurately to federal grantors.

Regarding the Foster Care retainer payments, we consulted with both the Department and OFM at the later stages of audit fieldwork. The Department said it did not want us to move forward with additional testing related to these payments.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is

managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
 - (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned

costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

Title 42 *U.S. Code of Federal Regulations* (CFR) Part 801, *Coronavirus Relief Fund*, states in part:

(d) Use of funds

A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020, for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control

operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-019 The Department of Health did not ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.

CFDA Number and Title:	21.019 COVID-19 Coronavirus Relief Fund
Federal Grantor Name:	Department of the Treasury
Federal Award/Contract Number:	None
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None

Applicable Compliance Components	Activities Allowed or Unallowed Allowable Costs / Cost Principles Period of Performance
Questioned Cost Amount:	\$451,726

Background

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act authorized the spending of \$2.2 trillion in federal funds to respond to the COVID-19 pandemic.

The CARES Act established the Coronavirus Relief Fund (CRF), which authorized \$150 billion in federal financial assistance for state, local and tribal governments. The CARES Act requires payments from the CRF be used only to cover:

- Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- Costs that were not accounted for in the governments' most recently approved budget as of March 27, 2020; and
- Costs that were incurred during the period that began on March 1, 2020, and ended on December 30, 2020.

Through the CARES Act, Washington was awarded about \$2.95 billion of CRF money to help fund the response to the COVID-19 pandemic. Of this amount, \$1.9 billion was allocated by the Office of Financial Management to state agencies and about \$1.05 billion was sent to local governments. In fiscal year 2020, state agencies spent \$339.8 million in CRF funds.

The Department of Health is Washington's lead agency for coordinating the state's response to the COVID-19 pandemic. The Department activated its Incident Management Team (IMT), which is responsible for managing, and responding to, local, regional, and national emergencies. In fiscal year 2020, the Department spent over \$42 million in CRF funds.

Description of Condition

The Department established adequate internal controls to materially ensure only allowable expenditures were charged to the CRF. However, we found the Department made improper payments for expenditures that occurred outside the allowable period of performance.

Payroll charges

On January 19, 2020 the IMT began tracking when staff worked on activities related to the COVID-19 public health emergency. In total, the Department charged \$12.5 million for payroll related expenditures to the CRF in fiscal year 2020.

We examined the Department's supporting documentation for all \$12.5 million in payroll costs and found \$387,944 for salaries and benefits incurred prior to March 1, 2020, which was the beginning of the period of performance for the CRF.

For some charges to the CRF for salaries and benefits, the Department provided documentation to support the expenditures, but it was not sufficient for us to confirm if the expenditures fell within the period of performance. Based on this documentation, we estimate the Department spent an additional \$78,617 in likely improper payments.

Non-Payroll

The Department also charged \$29.9 million for non-payroll expenditures to the CRF in fiscal year 2020 for activities related to the COVID-19 public health emergency.

We judgmentally selected and examined non-payroll charges and found instances when purchases for COVID-19 testing kits and rentals for recreational vehicles occurred prior to March 1, 2020. These improper payments totaled \$63,782.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The Department had to make necessary accounting adjustments very late during the state's fiscal year closing process for changes in funding streams provided to DOH. Accounting staff did not have the detailed supporting documentation to verify the costs being adjusted fell within the allowed period of performance for the CRF.

Effect of Condition and Questioned Costs

In total, we are questioning \$451,726. We also estimate the Department made likely improper payments totaling \$78,617.

Federal regulations require the auditor to report as a finding when the known or likely questioned costs identified in the audit exceed \$25,000.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendation

We recommend the Department consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Department's Response

We appreciate the State Auditor's Office (SAO) audit of the Coronavirus Relief Funds grant. DOH is committed to ensuring our programs comply with federal regulations and state laws. As mentioned above, the Department had limited time to move these funds to allowable funding streams provided by OFM. During the JV process, a small amount of costs that were essential to the Covid response, but outside of the allowable time period, were moved. DOH is working with OFM to reverse these JVs and move them to an allowable funding source.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter and will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

Title 42 U.S. Code of Federal Regulations (CFR) Part 801, *Coronavirus Relief Fund*, states in part:

(d) Use of funds

A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020, for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

2020-020

The Department of Social and Health Services did not have adequate internal controls to ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance.

CFDA Number and Title: 21.019 COVID-19, Coronavirus Relief Fund

Federal Grantor Name: Department of the Treasury

Federal Award Number: None

Pass-through Entity: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Activities Allowed or Unallowed, Allowable Costs, Period of Performance

Known Questioned Cost Amount: \$8,681,008

Background

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act authorized the spending of \$2.2 trillion in federal funds to respond to the COVID-19 pandemic.

The CARES Act established the Coronavirus Relief Fund (CRF), which authorized \$150 billion in federal financial assistance for state, local and tribal governments. The CARES Act requires payments from the CRF be used only to cover:

- Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- Costs that were not accounted for in the governments' most recently approved budget as of March 27, 2020; and
- Costs that were incurred during the period that began on March 1, 2020, and ended on December 30, 2020.

Through the CARES Act, Washington was awarded about \$2.95 billion of CRF money to help fund the response to the COVID-19 pandemic. Of this amount, \$1.9 billion was allocated by the Office of Financial Management to state agencies and about \$1.05 billion was sent to local governments. In fiscal year 2020, state agencies spent \$339.8 million in CRF funds.

The Department of Social and Health Services (Department) is Washington's lead agency for providing state-funded social services. In fiscal year 2020, the Department spent about \$192 million in CRF money. Over \$177 million (92 percent) of this CRF money was spent on payment rate increases for providers that deliver client services and direct payments to clients. The Department's Developmental Disabilities Administration, Aging and Long-term Support Administration, and the Economic Services Administration each spent a significant portion of these funds.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls to ensure payments from the CRF occurred during the allowable period of performance.

The CRF money was allocated to the Department after the end of fiscal year 2020. The Department used journal vouchers to transfer expenditures that occurred during fiscal year 2020 to the CRF. During this journal voucher process, expenditures were reviewed to ensure the expenditure dates were within the allowed period. However, this process was not sufficient to ensure that unallowable payments were not charged to the CRF.

During the audit period, the Department was required to use CRF money for expenditures that occurred after March 1, 2020. The Department did not meet this requirement.

We consider this internal control deficiency to be a significant deficiency, which led to noncompliance.

Cause of Condition

Due to the decentralized nature of federal grant management within Washington, the Office of Financial Management (OFM) established SAAM 50.30.45 which defines the responsibilities of state agencies administering or expending federal awards. Specifically:

- Develop internal policies in accordance with federal requirements.
- Evaluate and monitor compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

The CRF was awarded directly to OFM, which was subsequently allocated to state agencies based on established criteria. OFM is responsible for complying with the grant terms and conditions as outlined in the CARES Act, but relies on agencies to exercise prudent management in the use and proper accounting of the funds. OFM issued statewide communication on the federal requirements

relating to the use of the CRF and provided consultation to state agencies in determining the use of the funds.

The Department acted upon guidance from OFM and moved payments related to COVID provider rate enhancements to the CRF. Based on the guidance, the Department processed journal vouchers that included payments incurred before March 1, 2020, which led to unallowable expenditures being charged to the CRF. OFM did not adequately review the payment transfers to ensure they complied with the period of performance requirement.

Effect of Condition and Questioned Costs

During our testing, we identified \$8,681,008 million of expenditures for services that occurred from July 2019 to February 2020 that were charged to the CRF. These service dates fell outside of the grant's period of performance and were not allowed to be charged to the grant.

By not establishing and following adequate internal controls, the Department cannot ensure it meets the period of performance and activities allowed requirements. By not complying with federal regulations, the Department risks having to repay federal funds or having future federal funds withheld.

Recommendations

We recommend the Department:

- Improve its communication with OFM regarding future uses of the CRF to ensure funds are only used for allowable purposes.
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department does not concur with the finding.

During the pandemic, direction provided by the federal government was limited and was changing as new information became available. The overarching guidance on the CARES Act provided stated expenditures may only be used to cover costs that were:

- *Necessary expenditures incurred due to COVID-19;*
- *Not accounted for in the budget most recently approved as of March 27, 2020; and*
- *Incurred during the period between March 1, 2020 and December 30, 2020.*

On April 22, 2020, the US Department of Treasury (Treasury) issued guidance for state, territorial, local and tribal governments on the funding available through the CARES Act.

The guidance from Treasury indicated expenses must be “incurred” during the period that began on March 1, 2020, and ended December 30, 2020. The Treasury defined a cost to be incurred “when the responsible unit of government had expended the funds to cover the cost.” Further, it was assumed that similar to other areas of the CARES Act, the term “incurred” is measuring costs that were reasonably obligated and satisfied during the covered period to avoid instances where an entity is pre-paying expenses in an effort to maximize the use of the funding, but for which the entity does not have a legal obligation to pay such costs (e.g., pre-paying rent, utility or other contractual obligations).

Treasury recently updated its guidance to change its interpretation of “incurred.” This was done in the January 15, 2021 Federal Register under the section “Costs Incurred During the period That Begins on March 1, 2020, and Ends on December 31, 2021:

Finally, the CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021 (the “covered period”). Putting this requirement together with the other provisions discussed above, section 601(d) may be summarized as providing that a state, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period.

Initial guidance released on April 22 provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of state, local and tribal government practices, Treasury is clarifying that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period, but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred).

As stated under the Description of Condition, all costs that were moved were for expenditures made on or after March 1, 2020. Per the April 2020 guidance provided by Treasury, DSHS was not out of compliance during the time period under review.

The Department and OFM will continue with their excellent record of communication. The Department will not be consulting with grantor to determine if the funds should be repaid.

Auditor’s Remarks

We reaffirm our finding and disagree with the Department’s interpretation of the federal requirement. In our judgment, the guidance from the Department of Treasury that began in April 2020, and eventually codified in the federal register, was clear. Only costs incurred **during** the period that began March 1, 2020 and ended December 31, 2020 were allowable to be paid with CRF funds.

We agree that federal guidance has changed since April 2020. For example, the ending date of the period of performance for the CRF is now December 31, 2021. However, there has been no change affecting the beginning date of March 1, 2020.

As stated in the federal register cited by the Department, “*Treasury is clarifying that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period, but payment of funds need not be made during that time...*” For the expenditures questioned in this finding, the performance or delivery of the services occurred prior to March 1, 2020.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (o) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

Title 42 *U.S. Code of Federal Regulations* (CFR) Part 801, *Coronavirus Relief Fund*, states in part:

(d) Use of funds

A State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2020-021 **Washington State University did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.**

CFDA Number and Title:	84.007, Federal Supplemental Educational Opportunity Grant 84.033, Federal Work-Study Program 84.038, Federal Perkins Loan Program 84.063, Federal Pell Grant Program 84.268, Federal Direct Student Loans 84.379, Teacher Education Assistance for College and Higher Education Grants
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	Various
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None

Applicable Compliance Component:	Special Tests and Provisions: Gramm-Leach-Bliley Act – Student Information Security
Questioned Cost Amount:	None

Background

The Gramm-Leach-Bliley Act (also known as Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. The Federal Trade Commission considers Title-IV eligible institutions that participate in the Title IV Educational Assistance Programs to be “financial institutions” and subject to the Gramm-Leach-Bliley Act because of their participation in the wiring of federal aid funds to consumers.

Provisions of the Gramm-Leach-Bliley Act include requirements for financial institutions to develop, implement and maintain an information security program over confidential and financial information. Under the Family Educational Rights and Privacy Act (FERPA), the U.S. Department of Education requires in its institutional Program Participation Agreement for institutions to adhere to the Gramm-Leach-Bliley Act requirements and to protect student financial aid information from unauthorized disclosure, misuse, alteration, destruction or other compromising acts.

The Department of Education provides further guidance to participating institutions regarding methods for meeting cybersecurity requirements on its website. Under this guidance, institutions of higher education are to designate individual(s) responsible for coordinating the institution's information security program and conducting risk assessments to identify foreseeable internal and external risks to information security, confidentiality and data integrity, and to document and evaluate the safeguards in place to mitigate the effects of, or eliminate any identified risks.

Each institution's risk assessment must consider the following key elements:

- Employee training and management;
- Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- Detecting, preventing and responding to attacks, intrusions or other potential system failures.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

Washington State University (University) did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.

The University appointed a Chief Information Security Officer to coordinate its information security program. The University had documentation to show it implemented activities to monitor and assess threats to information security. However, the University did not have adequate documentation to show that a formal risk assessment specific to the requirements for information systems covered under the Gramm-Leach-Bliley Act was performed. Because of this, we also found the University did not have readily available documentation to support the specific safeguards implemented in response to risks identified through the required risk assessment.

The University enacted written policies for conducting information security risk assessments and security assessment and authorization reviews. However, these policies were implemented after the audit period had ended.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The University knew of the information system security requirements under the Gramm-Leach-Bliley Act but did not have established policies and procedures for performing the required information security risk assessment specific to the Act.

Additionally, management did not monitor those assigned with completing the risk assessment to ensure it was performed.

Effect of Condition

By not ensuring risk assessments of information system security specific to the Act were adequately documented, the University could not easily identify which systems security safeguards were implemented in response to identified risks of unauthorized disclosure, including theft, manipulation, destruction, or misuse of student information.

Recommendations

We recommend the University:

- Ensure information system security risk assessments are performed in accordance with federal regulations, program requirements, and University policy
- Monitor the results of risk assessments to ensure appropriate safeguards are documented and implemented in response to identified risks

University's Response

Washington State University takes very seriously its responsibilities related to information system security and the protection of customer information from unauthorized disclosure, theft, manipulation, destruction, or misuse.

The University agrees it did not have in place, during the audit period, a formal, documented risk assessment specific to the requirements for information systems covered under the Gramm-Leach-Bliley Act. Therefore, in part, the University agrees with this weakness identified in the Description of Condition.

The University does not agree, however, in light of the existing controls in place explained below, that the issue noted rises to the level of material weakness in the information system and information security environment.

As acknowledged by the auditor in the Description of Condition, the University had demonstrated that processes are in place to monitor and assess threats to information system security. These processes are regular and ongoing and include protocols for immediate remedy to reduce any risks identified and further enhance the confidentiality, integrity and availability of data. In addition, annual risk evaluation activities have been engaged for many years that include

assessment of risks to the information security environment broadly. Steps to mitigate risks identified as a result of this process are also immediately engaged and corrections or improvements implemented. These activities, while critical in a dynamic risk-heavy information security environment, were deemed insufficient by the auditor because, though they indirectly addressed the risk elements in the Act, they did not specifically cite what those elements were with a linkage from the assessment activity to the specific safeguard in place or put in place.

While the University disagrees with the level of reporting on this issue, in light of the specific requirements under the Act, the University agrees to include within its information system security program more formal risk assessment activities targeting the specific elements under the Act. Furthermore, the University will take advantage of this opportunity to evaluate and improve controls in its information system security program.

The University thanks the State Auditor for bringing this issue to the University's attention.

Auditor's Remarks

We appreciate the University's commitment to resolving this matter. We will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

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- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
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Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there

is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 16 CFR Part 314, *Standards for Safeguarding Customer Information* establishes the following applicable requirements:

314.2 Definitions.

(b) *Customer information* means any record containing nonpublic personal information as defined in 16 CFR 313.3(n), about a customer of a financial institution, whether in paper, electronic, or other form, that is handled or maintained by or on behalf of you or your affiliates.

(c) *Information security program* means the administrative, technical, or physical safeguards you use to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

314.3 Standards for safeguarding customer information.

(a) Information security program. You shall develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue. Such safeguards shall include the elements set forth in

314.4 and shall be reasonably designed to achieve the objectives of this part, as set forth in paragraph (b) of this section.

(b) Objectives. The objectives of the Act, and of this part, are to:

- (1) Insure the security and confidentiality of customer information;
- (2) Protect against any anticipated threats or hazards to the security or integrity of such information; and
- (3) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

314.4 Elements, states in part:

In order to develop, implement, and maintain your information security program, you shall:

(b) Identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risks in each relevant area of your operations, including:

- (1) Employee training and management;
- (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- (3) Detecting, preventing and responding to attacks, intrusions, or other systems failures.

(c) Design and implement information safeguards to control the risks you identify through risk assessment, and regularly test or otherwise monitor the effectiveness of the safeguards' key controls, systems and procedures.

(d) Oversee service providers, by:

(1) Taking reasonable steps to select and retain service providers that are capable of maintaining appropriate safeguards for the customer information at issue; and

(2) Requiring your service providers by contract to implement and maintain such safeguards.

(e) Evaluate and adjust your information security program in the light of the results of the testing and monitoring required by paragraph (c) of this section; any material changes to your operations or business arrangements; or any other circumstances that you know or have reason to know may have a material impact on your information security program.

2020-022 The University of Washington did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance programs.

CFDA Number and Title:	84.007, Federal Supplemental Educational Opportunity Grants 84.033, Federal Work-Study Program 84.038, Federal Perkins Loan Program 84.063, Federal Pell Grant Program 84.268, Federal Direct Student Loans 93.264, Nurse Faculty Loan Program 93.342, Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students 93.364, Nursing Student Loans
Federal Grantor Name:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Award Number:	Various
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Verification
Known Questioned Cost Amount:	None

Background

Institutions of higher education are required to verify information in student aid applications to ensure accurate information is provided by the student for determining eligibility to receive Student Financial Assistance. The U.S. Department of Education selects Student Financial Assistance applicants to have certain information, such as household size and income, verified for accuracy. Institutions of higher education obtain this information directly from the students and must match it to the students' financial aid application.

If certain information on the student's application is found to be incorrect, a correction must be submitted to the central processor at the Department of Education and the student's financial aid award is recalculated. The institution reports to the Department of Education that the verification was completed.

During fiscal year 2020, the University of Washington (University) disbursed about \$334.5 million to students under the Pell Grant and Federal Direct Student Loans programs.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The University did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance programs.

The University has written policies and procedures over the verification process, but those were not effective in preventing or detecting errors made during the verification process. Review of student verification documentation by University counselors did not detect conflicting information presented in the Institutional Student Information Records (ISIR) so it could be updated, or where verification was completed by University counselors, it was subsequently overridden by student ISIR submissions. In-between preliminary award and final disbursement, the changes to previously verified information was not detected.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

Staff performing the verifications did not follow procedures to ensure corrections were submitted to the central processor. Specifically, in the errors identified, University Counselors did not perform final reviews prior to releasing the final award for disbursement so did not identify that interim ISIR submissions had overwritten these prior corrections. Management said it did not detect the inaccuracies because in November 2020 the University made the decision not to operate a key post-award monitoring control in the process due to pressure of work in distributing HEERF payments, our remote work status, and the significant additional volume of emergency aid requests experienced due to the COVID-19 pandemic.

Effect of Condition

We used a statistical sampling method to randomly select and examine 59 student verifications from a population of 5,698 to determine whether the verifications were completed properly, and awards were adjusted when appropriate.

In six cases, we found students had an incorrect application and the University failed to identify and/or submit corrections to Department of Education central processor. There were three other cases in which an interim ISIR was submitted by the student, which over-wrote previously verified information. Interim ISIR changes were not identified before final disbursement.

Of the nine total cases, two students were over-awarded benefits by \$2,700 and one student was under-awarded benefits by \$400. In the six remaining cases the difference between the original data and the verified data items did not result in any change to the award amount the student received.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the University:

- Comply with existing procedures to ensure verification items are properly matched to student aid applications and reinstitute the post award monitoring control
- Strengthen controls over final review to identify or prevent interim ISIR submission that overwrite verified student information
- Ensure corrections are submitted accurately to the central processor
- Repay the questioned costs identified in the audit

University's Response

The University has established adequate internal controls over the student financial aid program, including the verification of applicant information. Although we agree that improvements can be made to our system of internal controls over the applicant verification process, we do not agree that we have a material weakness in our internal controls.

We believe we do not have a material weakness in our system of internal controls because:

- *The Student Financial Aid Office has completed both the verification process and evaluation of aid provided under our current set of internal controls and has historically identified very few situations where information was in error. Our low error rate in providing financial aid, is further reduced by our institutional review process that extends beyond the standard federal verification requirements.*
- *The Student Financial Aid Office's normal controls process includes a quality assurance review of awards to our highest need students to ensure compliance in non-pandemic years. Note had this review been completed, we expect the exceptions detected during the audit would have been corrected prior to the audit. As noted by the SAO, the University postponed this review process due to unprecedented extra effort to disburse the HEERF student aid and the extra pressure on the University to respond to the significant population of students and parents impacted by the pandemic. This was further complicated by completing this work in a remote environment. Also note that prior to the audit, the University had already planned to reinstitute this standard control process which has demonstrated effective compliance, as no such finding has been identified in the past.*

In addition to the planned restart of the quality assurance review, the University will implement the following:

- *Update current training materials and provide additional training to staff to cover the types of errors found in the audit;*
- *Establish a secondary review of a sample population to identify any errors in the verification process, including the submission of post verification ISIR changes. The results of the review will be used to identify any procedural changes or training needed.*

The University has already repaid the \$2,700 identified during the audit.

Auditor's Remarks

Our assessment of a material weakness in the University's internal controls is based upon the audit objective outlined in the Office of Management and Budget's Uniform Guidance Compliance Supplement, which states:

“Audit Objectives - Determine whether the institution established policies and procedures to verify information in student aid applications and verified applications were in compliance with the verification requirements, made corrections, and reported the verification status, as applicable, in accordance with the requirements.”

In our judgment, the six uncorrected errors from our statistically valid sample of 59 student applications, demonstrated the University's procedures were not materially effective during the audit period.

The audit objectives for this special test do not include consideration of amounts in aid awarded by the institution, and therefore we reaffirm our audit finding. We will follow up on the University's corrective action during the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards

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The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 34 *U.S. Code of Federal Regulations* (CFR) Part 668, *Student Assistance General Provisions* establishes the following applicable requirements:

Section 668.53 Policies and procedures

- (a) An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart. These policies and procedures must include –
 - (3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the Title IV, HEA programs;
 - (4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and

Section 668.54 Selection of an applicant's FAFSA information for verification.

- (a) General requirements.
 - (1) Except as provided in paragraph (b) of this section, an institution must require an applicant whose FAFSA information is selected for verification by the Secretary, to verify the information specified by the Secretary pursuant to §668.56.
 - (2) If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information

(3) An institution may require an applicant to verify any FAFSA information that it specifies.

(4) If an applicant is selected to verify FAFSA information under paragraph (a)(1) of this section, the institution must require the applicant to verify the information as specified in §668.56 if the applicant is selected for a subsequent verification of FAFSA information, except that the applicant is not required to provide documentation for the FAFSA information previously verified for the applicable award year to the extent that the FAFSA information previously verified remains unchanged.

Section 668.59 Consequences of a change in an applicant's FAFSA information.

(a) For the subsidized student financial assistance programs, if an applicant's FAFSA information changes as a result of verification, the applicant or the institution must submit to the Secretary any changes to –

(1) A nondollar item; or

(2) A single dollar item of \$25 or more.

(b) For the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must –

(1) Recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected valid SAR or valid ISIR; and

(2)

(i) Disburse any additional funds under that award only if the institution receives a corrected valid SAR or valid ISIR for the applicant and only to the extent that additional funds are payable based on the recalculation;

(ii) Comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced; or –

(iii) Comply with the procedures specified in 23 CFR §690.79 for an overpayment that is not an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced.

(c) For the subsidized student financial assistance programs, excluding the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, the institution must -

(1) Adjust the applicant's financial aid package on the basis of the EFC on the corrected valid SAR or valid ISIR; and

(2)

(i) Comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the financial aid package must be reduced;

(ii) Comply with the procedures specified in 34 CFR §673.5(f) for a Federal Perkins loan or an FSEOG overpayment that is not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced.

(iii) Comply with the procedures specified in 23 CFR §685.303(e) for Direct Subsidized Loan excess loan proceeds that are not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced.

Section 668.61 Recovery of funds from interim disbursements.

(a) If an institution discovers, as a result of verification, that an applicant received under §668.58(a)(2)(i)(B) more financial aid than the applicant was eligible to receive, the institution must eliminate the Federal Pell Grant, Federal Perkins Loan, or FSEOG overpayment by –

(1) Adjusting subsequent disbursements in the award year in which the overpayment occurred; or

(2) Reimbursing the appropriate program account by –

(i) Requiring the applicant to return the overpayment to the institution if the institution cannot correct the overpayment under paragraph (a)(1) of this section; or

(ii) Making restitution from its own funds, by the earlier of the following dates, if the applicant does not return the overpayment;

(A) Sixty days after the applicant's last day of attendance.

(B) The last day of the award year in which the institution disbursed Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds to the applicant.

(b) If an institution discovers, as a result of verification, that an applicant received under §668.58(a)(2)(ii) more financial aid than the applicant was eligible to receive, the institution must eliminate the FWS overpayment by –

(1) Adjusting the applicant's other financial aid; or

(2) Reimbursing the FWS program account by making restitution from its own funds, if the institution cannot correct the overpayment under paragraph (b)(1) of this section. The applicant must still be paid for all work performed under the institution's own payroll account.

(c) If an institution disbursed subsidized student financial assistance to an applicant under §668.58(a)(3), and did not receive the valid SAR or valid ISIR reflecting corrections within the deadlines established under §668.60, the institution must reimburse the appropriate program account by making restitution from its own funds. The applicant must still be paid for all work performed under the institution's own payroll account.

2020-023 The University of Washington did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.

CFDA Number and Title:	84.007, Federal Supplemental Educational Opportunity Grants 84.033, Federal Work-Study Program 84.038, Federal Perkins Loan Program 84.063, Federal Pell Grant Program 84.268, Federal Direct Student Loans 93.264, Nurse Faculty Loan Program 93.342, Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students 93.364, Nursing Student Loans
Federal Grantor Name:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Award/Contract Number:	Various
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Gramm-Leach-Bliley Act – Student Information Security
Questioned Cost Amount:	None

Background

The Gramm-Leach-Bliley Act (also known as Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. The Federal Trade Commission considers Title-IV eligible institutions that participate in the Title IV Educational Assistance Programs to be “financial institutions” and subject to the Gramm-Leach-Bliley Act because of their participation in the wiring of federal aid funds to consumers.

Provisions of the Gramm-Leach-Bliley Act include requirements for financial institutions to develop, implement and maintain an information security program over confidential and financial information. Under the Family Educational Rights and Privacy Act (FERPA), the U.S. Department

of Education requires in its institutional Program Participation Agreement for institutions to adhere to the Gramm-Leach-Bliley Act requirements and to protect student financial aid information from unauthorized disclosure, misuse, alteration, destruction or other compromising acts.

The Department of Education provides further guidance to participating institutions regarding methods for meeting cybersecurity requirements on its website. Under this guidance, institutions of higher education are to:

- Designate individual(s) responsible for coordinating the institution's information security program and conducting risk assessments to identify foreseeable internal and external risks to information security, confidentiality and data integrity; and
- Document and evaluate the safeguards in place to mitigate the effects of or eliminate any identified risks.

Each institution's risk assessment must consider the following key elements:

- Employee training and management;
- Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- Detecting, preventing and responding to attacks, intrusions or other potential system failures.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The University of Washington (University) did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.

The University appointed a Chief Information Security Officer to coordinate its information security program and had established policies and procedures for performing the required information security risk assessment. However, the University did not have adequate documentation to show that a specific risk assessment was performed that addressed the requirements for information systems covered under the Gramm-Leach-Bliley Act. Because of this, we also found the University did not have sufficient documentation to show it had implemented specific safeguards in response to risks identified through the required risk assessment process.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The University knew of the information system security requirements under the Gramm-Leach-Bliley Act and had established policies and procedures for performing the required information security risk assessment, but management did not monitor those assigned with completing and documenting the risk assessment to ensure it addressed the specific requirements of the Act.

Effect of Condition

By not ensuring risk assessments of information system security were adequately documented to address the specific requirements of the Act, the University could not easily identify which systems security safeguards were being used to reduce specific risk of unauthorized disclosure, including theft, manipulation, destruction, or misuse of student information.

Recommendations

We recommend the University:

- Ensure information system security risk assessments are performed in accordance with federal regulations, program requirements, and University policy
- Monitor the results of risk assessments to ensure appropriate safeguards are documented and implemented in response to identified risks

University's Response

The University of Washington has established adequate internal controls to ensure student information security, including ongoing activities that assess risk and establish appropriate controls in the areas of employee training and management, information systems security, and the detection of, prevention of, and response to attacks and intrusions. While we agree that improvements can be made to organize and document these efforts as a single security plan mapped specifically to the requirements of the Gramm-Leach-Bliley Act, we do not agree that this constitutes a material weakness in our internal controls.

The University does not believe that we have a material weakness in our system of internal controls because:

- *UW Information Technology (UW-IT) performs a set of ongoing activities to continually assess risk to information security, including a weekly cyber intelligence report distributed to members of UW-IT leadership. In addition, the UW Office of the Chief Information Security Officer partnered with the leadership of the UW-IT Student Program in FY19/20*

to develop a Threat Intelligence Report describing risks to student data and assessing high level strengths and opportunities for improvement in the internal controls environment, including all areas specified by the Act. We acknowledge that this report would have been more appropriate as a formal written report instead of as a set of briefing materials. That said, improvement initiatives were identified and progress towards completion continues to be tracked. Outside of this effort, significant documentation exists describing our ongoing efforts to protect the security of student information.

- Acknowledging that there are areas for improvement in documenting and organizing this risk assessment information, we do not believe that this condition was caused by a lack of management attention to the assessment of risk or the development of internal controls. As indicated above, the University takes very seriously its responsibilities related to information systems security and we are continually working to identify potential risks and improve security over student information.*
- While not documented in a single plan specifically mapped to the requirements of the Act, the University is able to demonstrate that a number of activities are being performed to assess and manage risk in the areas described by the Act, as well as to ensure that system security safeguards are adequate to prevent student information from unauthorized disclosure, including theft, manipulation, destruction or misuse.*

In addition to the efforts described above, the University will:

- Organize and update documentation of risk assessment activities and information security controls for student information into a single set of information security plans with a clear mapping to the requirements of the Act;*
- Self-assess the adequacy of the information security controls using one or more industry-accepted cybersecurity models;*
- Develop a process to review and update this documentation at least annually as part of the UW-IT Student Program service management practice.*

Auditor's Remarks

We appreciate the University's commitment to resolving this matter. We will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow

compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 16 CFR Part 314, *Standards for Safeguarding Customer Information* establishes the following applicable requirements:

314.2 Definitions.

(b) *Customer information* means any record containing nonpublic personal information as defined in 16 CFR 313.3(n), about a customer of a financial institution, whether in paper, electronic, or other form, that is handled or maintained by or on behalf of you or your affiliates.

(c) *Information security program* means the administrative, technical, or physical safeguards you use to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle customer information.

314.3 Standards for safeguarding customer information.

(a) Information security program. You shall develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue. Such safeguards shall include the elements set forth in 314.4 and shall be reasonably designed to achieve the objectives of this part, as set forth in paragraph (b) of this section.

(b) Objectives. The objectives of the Act, and of this part, are to:

- (1) Insure the security and confidentiality of customer information;
- (2) Protect against any anticipated threats or hazards to the security or integrity of such information; and
- (3) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

314.4 Elements, states in part:

In order to develop, implement, and maintain your information security program, you shall:

(b) Identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risks in each relevant area of your operations, including:

(1) Employee training and management;

(2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and

(3) Detecting, preventing and responding to attacks, intrusions, or other systems failures.

(c) Design and implement information safeguards to control the risks you identify through risk assessment, and regularly test or otherwise monitor the effectiveness of the safeguards' key controls, systems and procedures.

(d) Oversee service providers, by:

(1) Taking reasonable steps to select and retain service providers that are capable of maintaining appropriate safeguards for the customer information at issue; and

(2) Requiring your service providers by contract to implement and maintain such safeguards.

(e) Evaluate and adjust your information security program in the light of the results of the testing and monitoring required by paragraph (c) of this section; any material changes to your operations or business arrangements; or any other circumstances that you know or have reason to know may have a material impact on your information security program.

2020-024 The University of Washington did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately for the Student Financial Assistance programs.

CFDA Number and Title:	84.007 Federal Supplemental Educational Opportunity Grants 84.033 Federal work-study Program 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	Various
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component	Special Tests and Provisions: Enrollment Reporting
Questioned Cost Amount:	None

Background

Institutions of higher education are required to report enrollment information using the National Student Loan Data System (NSLDS). As part of this reporting, for students who are actively attending, an institution reports student enrollment level (status) at either full time, three-quarter time, half time, or less than half time. Federal requirements stipulate the credit levels for the respective enrollment status. Additional information about enrollment is also reported to NSLDS, such as details about the student's program and when graduations or withdrawals occur. This enrollment information is extracted and submitted multiple times a quarter from the college's student registration system and transmitted to NSLDS. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

University of Washington (University) did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately.

The University's enrollment system was appropriately configured to report enrollment status of students. However, the enrollment system's reporting functions were not appropriately configured to include all student enrollment changes, including those students who graduated with multiple degrees.

The University uses the National Student Clearinghouse (NSC) to transmit the enrollment reporting data to the U.S. Department of Education's NSLDS. In doing so, the enrollment status for students that graduated with multiple degrees was incorrectly reported in NSLDS as "withdrawn."

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The University was not aware that a specific report needed to be provided to the NSC to ensure the NSC system accurately reported the graduation status of students pursuing multiple degrees or certificates. Without this report, the NSC system was unable to determine which degree the "Graduated" status needed to be applied to and as a result graduation status would not be applied and reported. Because of this, a student earning multiple degrees or certificates would default to a reported status of "Withdrawn" after obtaining only one of their multiple degrees and/or certificates.

Additionally, the University did not effectively monitor the accuracy of the enrollment data being reported in the NSLDS by NSC.

Effect of Condition

We used a statistically valid sampling method to randomly select and examine 32 students from a population of 15,513 to determine whether the enrollment status was reported accurately to the Department of Education.

In six cases (18.7 percent), we found student enrollment status was inaccurately reported in NSLDS as "Withdrawn" instead of "Graduated" as the University's registration records indicated. The six cases did not result in any change in the timing of repayment or the accrual of interest.

Because of this error, the University is at an increased risk of inaccurate reporting of student enrollment information in NSLDS and may be providing information that could lead the Department of Education to issue improper management decisions involving Title IV funding, including loss of interest subsidies and student program eligibility.

Recommendations

We recommend the University:

- Strengthen its monitoring of the NSC to ensure enrollment information reported in NSLDS is accurate and complete
- Follow up with the NSC to determine if changes to system configuration are required to comply with federal enrollment reporting requirements
- Work with NSLDS to determine whether previously reported enrollment data needs to be corrected

University's Response

The University concurs with the finding and provided the following as its planned corrective actions:

Strengthen its monitoring of the NSC to ensure enrollment information reported in NSLDS is accurate and complete

Office of the University Registrar will develop and employ an audit of student enrollment data submitted by NSC to NSLDS on a quarterly basis beginning in summer quarter 2021. This audit will monitor for accuracy of University data in the NSLDS system of record.

Follow up with the NSC to determine if changes to system configuration are required to comply with federal enrollment reporting requirements

After consultation with the National Student Clearinghouse, the Office of the University Registrar will provide a supplement Graduation file each time the Degree Verification file is submitted. We are preparing to send the Graduation file starting in mid-May 2021. We will also submit the Graduation files for each of the quarters during 2019-2020 and 2020-2021 academic years.

Work with NSLDS to determine whether previously reported enrollment data needs to be corrected

In addition to the above submission, the Office of the University Registrar will monitor for any student records with double majors that were impacted by the lack of secondary Graduate file submission. We will identify these records to the NSC and we will monitor these submissions in the NSLDS database for accuracy.

Auditor's Remarks

We appreciate the University's commitment to resolving this matter and we will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the

provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

34 CFR 690.83 Submission of reports [for Federal Pell Grant Program], section (b) (2) states:

(2) An institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

34 CFR 685.309 Administrative and fiscal control and fund accounting requirements for schools participating in the Direct Loan Program, states in part:

(a) *General.* A participating school must -

(1) Establish and maintain proper administrative and fiscal procedures and all necessary records as set forth in this part and in 34 CFR part 668; and

(2) Submit all reports required by this part and 34 CFR part 668 to the Secretary.

(b) *Enrollment reporting process.*

(1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary -

(i) In the manner and format prescribed by the Secretary; and

(ii) Within the timeframe prescribed by the Secretary.

2020-025 Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to accurately report student enrollment information for the Student Financial Assistance programs.

CFDA Number and Title:	84.007 Federal Supplemental Educational Opportunity grants 84.033 Federal work-study program 84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Federal Grantor Name:	Department of Education
Federal Award Number:	Various
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Enrollment Reporting
Known Questioned Cost Amount:	None

Background

Colleges are required to report enrollment information using the National Student Loan Data System (NSLDS). As part of this reporting, for students who are actively attending, a college reports student enrollment level (status) at either full time, three-quarter time, half time, or less than half time. Federal requirements stipulate the credit levels for the respective enrollment status. Additional information about enrollment is also reported to NSLDS, such as details about the student's program and when graduations or withdrawals occur. This enrollment information is extracted and submitted multiple times a quarter from the college's student registration system and transmitted to NSLDS.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

Valley College (College) did not establish adequate internal controls over and did not comply with requirements to report student enrollment level (status) accurately

The College's registration system was configured to report enrollment status differently than allowed by federal requirements. In the registration system, a setting established full-time status at 10 credits, but federal regulations require 12 credits for full-time status. This setting also affected the calculations for other enrollment levels that are less than full time. For example, half-time enrollment is calculated at 50 percent of the full-time setting.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The registration system settings were incorrectly changed, but the College was not aware of when these changes occurred. The registration system did not record who made the changes or when they occurred. Management informed us that very few individuals at the College have the system access to change the setting. However, the College did not monitor program change controls to detect and correct the setting errors.

Effect of Condition

The inaccurate system configuration caused over-reporting errors in the reporting of enrollment and program enrollment status at four credit levels as follows:

Credit level	Enrollment Status College's system reported	Enrollment Status College's system should have reported
5	Half time	Less than half time
8	Three-quarters time	Half time
10	Full time	Three-quarters time
11	Full time	Three-quarters time

As a direct result of these errors, students with four out of 12 credit levels (33 percent) were inaccurately reported in NSLDS.

By not configuring its system enrollment status codes to align with federal requirements, the College is at an increased risk of inaccurate reporting of student enrollment information in NSLDS and may be providing information that could lead the Department of Education to issue improper management decisions involving Title IV funding, including loss of interest subsidies and student program eligibility.

Recommendations

We recommend the College:

- Update its system configuration to comply with federal enrollment reporting requirements
- Monitor its enrollment reporting procedures to ensure accuracy of data being reported
- Work with NSLDS to determine whether previously reported enrollment data needs to be corrected

College's Response

The College concurs with the finding.

As of February 2021, the Registrar's Office has established additional internal controls to ensure that enrollment levels reported are consistent with the Department of Education's definition.

Internal controls include:

- *The value defining a student's enrollment level has been updated to reflect 12 credits as the minimum for full-time enrollment. This corrected value also allows for part-time enrollment to be calculated and reported accurately.*
- *Access to registration system settings is limited to Registrar and Dean of Student Services.*
- *A quarterly review of the settings will ensure values remain unchanged and that accurate enrollment level data is reported.*

Auditor's Remarks

We appreciate the College's commitment to resolving this matter. We will follow-up with the College in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with

guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

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course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

34 CFR 690.83 Submission of reports [for Federal Pell Grant Program], section (b) (2) states:

(2) An institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

34 CFR 685.309 Administrative and fiscal control and fund accounting requirements for schools participating in the Direct Loan Program, states in part:

(a) *General.* A participating school must -

(1) Establish and maintain proper administrative and fiscal procedures and all necessary records as set forth in this part and in 34 CFR part 668; and

(2) Submit all reports required by this part and 34 CFR part 668 to the Secretary.

(b) *Enrollment reporting process.*

(1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary -

(i) In the manner and format prescribed by the Secretary; and

(ii) Within the timeframe prescribed by the Secretary.

2020-026

The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures.

CFDA Number and Title:	84.010 Title I Grants to Local Educational Agencies (Title I, Part A of the Every Student Succeeds Act)
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	S010A170047-17B, SP10A190047, S010A180047
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Assessment System Security
Questioned Cost Amount:	None

Background

The Title I Grants to Local Educational Agencies (Title I, Part A) provides financial assistance to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

The Every Student Succeeds Act (ESSA) requires states to perform annual statewide assessments in reading, language arts and mathematics to all students in grades 3 through 8. The ESSA also requires states to administer assessments in reading, language arts and mathematics once in high school, as well as in science at least once in each of grades 3 through 5, 6 through 9, and 10 through 12.

The Title I, Part A program in Washington is administered by the Office of Superintendent of Public Instruction (OSPI). OSPI, in consultation with Local Education Agencies (LEAs), establishes and maintains an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. In its assessment system, OSPI has policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures.

LEAs are required to complete a District Administration and Security Report for each test administration. OSPI requires LEAs to submit the report to OSPI no later than five business days after completion of each test administration.

OSPI was granted a waiver from the U.S. Department of Education that eliminated statewide assessment requirements, beginning on March 27, 2020, for the 2019-20 school year due to school closures related to the COVID-19 pandemic.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

OSPI did not have adequate internal controls over and did not comply with federal requirements to ensure LEAs implemented testing security measures.

OSPI has developed guidance on how LEAs must manage and administer assessments in compliance with the law. The guidance is provided to LEAs through manuals, training modules, tools, templates and other documents. OSPI also requires LEAs to submit a District Administration and Security Report (DASR) at the conclusion of the testing cycle to ensure LEAs implement testing security measures.

During the audit period, OSPI was not able to perform monitoring to ensure LEAs followed the policies and procedures it implemented. Before the spring of 2020, OSPI did not have a process in place for ensuring all LEAs that administered assessments had submitted the required DASR.

OSPI planned to implement new protocols in the spring of 2020 developed with the intent to conduct monitoring in accordance with federal requirements. The new protocols include identifying a list of all LEAs that administered each assessment and checking to ensure DASRs were received for all assessments administered. At the time of the audit, OSPI had not conducted any reviews because the COVID-19 pandemic and the mandatory closure of all school facilities made it difficult for OSPI staff to contact test administrators at Districts.

During the audit, we selected 26 LEAs and examined the 57 assessments they had performed. We found OSPI did not receive 48 of the 57 DASRs. All these assessments were performed before the waiver from the Department of Education, dated March 27, 2020.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The monitoring process related to Assessment System Security was not properly designed to ensure all LEAs who performed an assessment had also submitted the required DASR.

Although new protocols were developed with the intent to conduct monitoring in accordance with federal requirements beginning in the spring of 2020, this was not able to be implemented because of the COVID-19 pandemic.

Effect of Condition

By not monitoring the LEAs, OSPI had no assurance that LEAs implemented proper test security measures.

Recommendation

We recommend OSPI follow its newly established procedures by monitoring the District Administration and Security Reports to ensure that the LEAs have implemented test security measures.

Office's Response

The Office concurs with the finding.

When school facilities were ordered to be closed in March, by the Governor's proclamation, only a few school districts had begun administering ELA and mathematics assessments. No science tests were administered in spring 2020. Approximately 99% of testing in Washington takes place between mid-April and mid-May, even though test administration windows begin as early as March and end in early June. School and district staff responsible for collecting security information from test administrators and coordinators were not able to perform these duties. The security information, which is paper-based in many districts, was not accessible by state law. In all cases, completion and submission of district and school security reports was not possible. In many instances, district and school staff were required to discontinue assessment responsibilities and focus on student connection, curriculum and, in many cases, to deliver food to students and families. OSPI's Assessment team was unable to contact many District Assessment Coordinators for DASR reports or other issues related to the administration of the assessments.

When school facilities initially closed, all students and district staff were ordered to stay at home until at least April 27. Throughout April and May the reopen and return date was pushed out several times until the final declaration in May that school facilities would remain shut through the end of the school year. District Administration and Security Reports (DASRs) are typically completed and submitted at the end of the test window, which was June 4, 2020.

OSPI concurs with the recommendation and has implemented procedures for monitoring to ensure LEAs have submitted DASR reports.

Auditor's Remarks

We appreciate OSPI's commitment to resolving this matter. We will follow up with OSPI in the next audit.

Applicable Laws and Regulations

Title 20 U.S. Code §6311 – State plans, states in part:

(b) Challenging academic standards and academic assessments

(2) ACADEMIC ASSESSMENTS.—

(A) IN GENERAL.—Each State plan shall demonstrate that the State educational agency, in consultation with local educational agencies, has implemented a set of high-quality student academic assessments in mathematics, reading or language arts, and science. The State retains the right to implement such assessments in any other subject chosen by the State.

(B) REQUIREMENTS — The assessments under subparagraph (A) shall—

(i) except as provided in subparagraph (D), be—

(I) the same academic assessments used to measure the achievement of all public elementary school and secondary school students in the State; and

(II) administered to all public elementary school and secondary school students in the State;

(ii) be aligned with the challenging State academic standards, and provide coherent and timely information about student attainment of such standards and whether the student is performing at the student's grade level;

(iii) be used for purposes for which such assessments are valid and reliable, consistent with relevant, nationally recognized professional and technical testing standards, objectively measure academic achievement, knowledge, and skills, and be tests that do not evaluate or assess personal or family beliefs

and attitudes, or publicly disclose personally identifiable information;

(iv) be of adequate technical quality for each purpose required under this Act and consistent with the requirements of this section, the evidence of which shall be made public, including on the website of the State educational agency;

(v)(I) in the case of mathematics and reading or language arts, be administered—

(aa) in each of grades 3 through 8; and

(bb) at least once in grades 9 through 12;

(II) in the case of science, be administered not less than one time during—

(aa) grades 3 through 5;

(bb) grades 6 through 9; and

(cc) grades 10 through 12; and

(III) in the case of any other subject chosen by the State, be administered at the discretion of the State;

(vi) involve multiple up-to-date measures of student academic achievement, including measures that assess higher-order thinking skills and understanding which may include measures of student academic growth and may be partially delivered in the form of portfolios, projects, or extended performance tasks;

(vii) provide for—

(I) the participation in such assessments of all students;

(II) the appropriate accommodations, such as interoperability with, and ability to use, assistive technology, for children with disabilities (as defined in section 602(3) of the Individuals with Disabilities Education Act (20 U.S.C. 1401(3))), including students with the most significant cognitive disabilities, and students with a disability who are provided accommodations under an Act other than the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.), necessary to measure the academic achievement of such children relative to the challenging State academic standards or alternate academic achievement standards described in paragraph (1)(E); and

(III) the inclusion of English learners, who shall be assessed in a valid and reliable manner and provided appropriate accommodations on assessments administered to such students under this paragraph, including, to the extent practicable, assessments in the language and form most likely to yield accurate data on what such students know and can do in academic content areas, until such students have achieved English language proficiency, as determined under subparagraph (G);

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal

Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

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Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency

in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

The Professional Standards and Security, Incident, and Reporting Guidelines (PIRG) established by OSPI states in part:

After testing, it is the LEA's responsibility to complete a District Administration and Security Report for each test administration. This report has check boxes of responsibilities. Include an explanation of boxes checked "no" and notation of any missing or damaged materials. As required, submit the report to OSPI through ARMS no later than five business days after completion of each test administration.

2020-027 The Office of Superintendent of Public Instruction did not have adequate internal controls over the quality control process related to the proper identification and recruitment of eligible children for the Migrant Education State Grant Program.

CFDA Number and Title:	84.011 Migrant Education State Grant Program
Federal Grantor Name:	Department of Education
Federal Award/Contract Number:	S011A180048 & S011A190048
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Child Counts – Quality Control Process
Questioned Cost Amount:	None

Background

The Office of Superintendent of Public Instruction (OSPI) administers the Migrant Education State Grant Program (Program). The purpose of the Program is to help migrant students meet high academic challenges by overcoming obstacles created by frequent moves, educational disruption, cultural and language differences and health-related problems.

The Elementary and Secondary Education Act (ESEA) §9303 requires OSPI to submit an annual consolidated state performance report (CSPR) to the U.S. Department of Education. On the CSPR, OSPI must provide an unduplicated statewide count of eligible migratory children recruited into the Program, which the Department of Education may use to determine the State’s annual grant allocations.

The Program requires OSPI to establish and implement a system of quality controls for the proper identification and recruitment of eligible migratory children statewide. OSPI contracts with Sunnyside School District’s Office of Migrant Student Data Recruitment and Support (District) to identify and recruit eligible migratory students and to carry out the required quality control (QC) process.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

OSPI did not have adequate internal controls over the quality control process related to the proper identification and recruitment of eligible children for the Program.

To ensure the District complied with its contract terms, the Department drafted procedures to monitor the District and scheduled onsite visits to occur on a two-year cycle. At the time of the audit, OSPI had not conducted such reviews for the past two review cycles, with the last monitoring visit occurring in August of 2015.

We consider this internal control deficiency to be a material weakness. We did not report this issue as a finding in the prior audit.

Cause of Condition

During the past two review cycles, Program directors were responsible for monitoring the District. On both occasions, the respective directors decided not to conduct the reviews. On the first occasion, the specific reason was not documented and has been forgotten. On the second occasion, the director did not have the capacity to undertake the volume of work the review required because they were on agency-approved extended leave.

Effect of Condition

By failing to conduct ongoing official monitoring of the process completed by the District, OSPI places at risk the assurance that the identification and recruitment data reported on the CSPR is accurate. This could affect the annual allocations the State receives from the Department of Education.

Recommendation

We recommend OSPI reinstate its established procedures by monitoring the District and conduct onsite reviews to validate the contracted work.

Office's Response

The Office concurs with the finding.

Beginning program period 2020-2021, the Title I Part C Migrant Education Program will reinstate its on-going program monitoring cycle with the District that includes a review of the Quality Control Process for child counts reported to the Office of Migrant Education.

Auditor's Remarks

We appreciate the Office's commitment to resolve this matter. We will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal

awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Section 200.327 Financial Reporting, states in part:

Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

Title 34 U.S. Code of Federal Regulations (CFR) Part 200.89, Re-interviewing; eligibility documentation; and quality control, states in part:

(d) *Responsibilities of an SEA to establish and implement a system of quality controls for the proper identification and recruitment of eligible migratory children.* An SEA must establish and implement a system of quality controls for the proper identification and recruitment of eligible migratory children on a statewide basis. At a minimum, this system of quality controls must include the following components:

- (1)** Training to ensure that recruiters and all other staff involved in determining eligibility and in conducting quality control procedures know the requirements for accurately determining and documenting child eligibility under the MEP.
- (2)** Supervision and annual review and evaluation of the identification and recruitment practices of individual recruiters.
- (3)** A formal process for resolving eligibility questions raised by recruiters and their supervisors and for ensuring that this information is communicated to all local operating agencies.
- (4)** An examination by qualified individuals at the SEA or local operating agency level of each COE to verify that the written documentation is sufficient and that, based on the recorded data, the child is eligible for MEP services.

(5) A process for the SEA to validate that eligibility determinations were properly made, including conducting prospective re-interviewing as described in paragraph (b)(2).

(6) Documentation that supports the SEA's implementation of this quality-control system and of a record of actions taken to improve the system where periodic reviews and evaluations indicate a need to do so.

(7) A process for implementing corrective action if the SEA finds COEs that do not sufficiently document a child's eligibility for the MEP, or in response to internal State audit findings and recommendations, or monitoring or audit findings of the Secretary.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-028

The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients were adequately supported for the Special Education program.

CFDA Number and Title:	84.027 Special Education-Grants to States (IDEA, Part B) 84.173 Special Education-Preschool Grants (IDEA, Preschool)
Federal Grantor Name:	US Department of Education
Federal Award/Contract Number:	H173A170074, H173A180074, H173A190074, H027A170074-17B, H027A180074-18A, & H027A190074-19A.
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Individuals with Disabilities Education Act's (IDEA) Special Education Grants to States program (IDEA, Part B) provides grants to states, and through them to Local Educational Agencies (LEA), to help provide special education and related services to eligible children with disabilities. IDEA's Special Education—Preschool Grants program (IDEA Preschool), also known as the “619 program,” provides grants to states, and through them to LEAs, to assist with providing special education and related services to children with disabilities ages 3 through 5 and, at a state's discretion, to 2-year-old children with disabilities who will turn 3 during the school year.

The Special Education program (program) in Washington is administered by the Office of Superintendent of Public Instruction (OSPI) and serves about 143,000 eligible students. The program is specially designed instruction that addresses the unique needs of a student, is provided at no cost to parents, and includes the related services a student needs to access her or his educational program. OSPI spent about \$236 million in federal IDEA grant funds during fiscal year 2020. About \$231 million of that funding was passed through to LEAs.

OSPI approves LEA grant applications that outline proposed special education projects, goals, a description of the services they will provide and budget categories for carrying out project's activities. LEAs claim grant funding on a reimbursement basis through OSPI's Grants Claim

System (system). The system allows LEAs to request reimbursement only in the specific categories laid out within their approved budget. The system approves the reimbursement request as long as grant funds are budgeted in the specific categories and are still available. LEAs are not required submit any supporting documentation with the reimbursement requests.

OSPI performs onsite monitoring, as well as desk reviews, of selected LEAs to ensure federal funds are used only for allowable purposes and meet federal cost principles. The LEAs are selected for review annually using a risk-based approach.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

OSPI did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients were adequately supported for the Special Education program.

OSPI did not perform adequate fiscal monitoring of LEAs. Instead of selecting samples from the entire population of reimbursement requests when performing fiscal monitoring, OSPI allowed the LEAs to select samples at their discretion and send supporting documents as they saw fit. In our judgment, this level of monitoring was insufficient to ensure reimbursement requests were allowable and adequately supported.

Adequate fiscal monitoring is especially important in relation to this grant because OSPI does not receive supporting documentation with reimbursement requests.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

OSPI did not establish an effective process by allowing LEAs to determine what supporting documentation to provide.

Effect of Condition

By failing to perform adequate fiscal monitoring, OSPI cannot ensure reimbursement requests are accurate, allowable, and adequately supported.

Recommendation

We recommend OSPI improve the design of its fiscal monitoring of LEAs to ensure reimbursement requests are allowable and adequately supported.

Office's Response

During school calendar year 2019-20 OSPI Special Education Operations Unit, identified improvements needed and began designing a pilot fiscal monitoring process and improving in response. However, in 2020-21, due to building closures and changing priorities resulting from the COVID pandemic, the fiscal monitoring pilot was delayed so that districts could focus on providing remote services to students, while OSPI Operations staff continued to plan for piloting in 2021-22. Despite the inability to implement the pilot fiscal monitoring, OSPI Operations staff continued to review district fiscal activities.

Beginning with the 2021-22 school calendar year, the Operations Unit staff will complete fiscal risk assessments for all local education agencies (LEAs). Using the risk assessment results, LEAs will be selected for either an on-site/virtual monitoring or desk review. In addition, LEAs will also be required to submit their expenditure reports for claims submitted each month, of which a sample will be selected and tested by the Operations Unit fiscal staff.

Auditor's Remarks

We appreciate the Office's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.302 Financial management, states in part:

- (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450 Lobbying.

- (b) The financial management system of each non-Federal entity must provide for the following (see also §§ 200.333 Retention requirements for records,

200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and

200.337 Restrictions on public access to records):

- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass through-entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statutes, regulation, and the terms and conditions of the sub award; and that sub award performance goals are achieved.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that

there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-029

Yakima Valley College did not have adequate internal controls over and did not comply with Student Financial Assistance Programs applicant verification requirements.

CFDA Number and Title:	84.063 Federal Pell Grant Program 84.268 Federal Direct Student Loans
Federal Grantor Name:	U.S. Department of Education
Federal Award Number:	Various
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Verification
Known Questioned Cost Amount:	None

Background

Institutions of higher education are required to verify information in student aid applications to ensure accurate information is provided by the student for determining eligibility to receive Student Financial Assistance. The U.S. Department of Education selects Student Financial Assistance applicants to have certain information, such as household size and income, verified for accuracy. Institutions of higher education obtain this information directly from the students and must match it to the students' financial aid application.

If any information on the student's application is found to be incorrect, a correction must be submitted to the central processor at the Department of Education and the student's financial aid award is recalculated. The institution must report that the verification was completed to Department of Education.

During fiscal year 2020, the Yakima Valley College (College) disbursed about \$14.8 million to students under the Pell Grant and Federal Direct Student Loans programs.

Federal regulations require grant recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The College did not have adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance Programs.

The College has written policies and procedures over the verification process, but they were not effective in preventing or detecting all errors made during the verification process. Management

did not establish effective controls to ensure verifications of student applications were performed by staff, as required, and the information reported to the central processor was accurate.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

Staff performing the verifications did not follow procedures to match student information and submit corrections of student applications to the central processor. Specifically, the verification process prone to error involves manually matching documents to the application and submitting corrections to the central processor. There were no processes in place to detect the inaccuracies.

Effect of Condition

We used a statistical sampling method to randomly select and examine 57 student verifications from a population of 938 to determine whether the verifications were completed properly and awards were adjusted when appropriate.

In two cases, we found the College did not submit corrections to the students' applications after verification had occurred. In one additional case, a correction was submitted to the central processor. However, the information adjusted on the application was determined to be incorrect. This resulted in an overpayment of \$1,369 to the student. In total, the three cases with errors represented over 5 percent of our sample population.

Based on our test results, we estimate the total amount of likely improper payments using federal funds to be \$22,528.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if student verification process complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a very high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our "best estimate of total questioned costs" as required by 2 CFR 200.516(3).

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the College:

- Strengthen controls to ensure verification items are properly matched to student aid applications
- Ensure that corrections are submitted accurately to the central processor
- Monitor student aid application verifications to ensure all verification activities are performed as required
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

College's Response

The College concurs with the finding.

As of March 2021, the Financial Aid Office has established additional internal controls to reduce the probability of inadvertent errors in the manual matching of verification documents.

Internal controls include:

- *Established process that utilizes new verification checklist which staff will use for every file selected for verification. The checklist includes all fields required for verification and serves to compare and collect values from verification worksheets against tax transcripts or other documentation.*
- *Self-audit random sample of verified files. Self-audit will identify training opportunities for continuous improvement as well as to correct possible errors.*

Auditor's Remarks

We appreciate the College's commitment to resolving this matter. We will follow-up with the College in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 34 *U.S. Code of Federal Regulations* (CFR) Part 668, *Student Assistance General Provisions* establishes the following applicable requirements:

Section 668.53 Policies and procedures

(a) An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart. These policies and procedures must include

(3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the Title IV, HEA programs;

(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and

Section 668.54 Selection of an applicant's FAFSA information for verification.

(a) General requirements.

(1) Except as provided in paragraph (b) of this section, an institution must require an applicant whose FAFSA information is selected for verification by the Secretary, to

verify the information specified by the Secretary pursuant to §668.56.

(2) If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information

(3) An institution may require an applicant to verify any FAFSA information that it specifies.

(4) If an applicant is selected to verify FAFSA information under paragraph (a)(1) of this section, the institution must require the applicant to verify the information as specified in §668.56 if the applicant is selected for a subsequent verification of FAFSA information, except that the applicant is not required to provide documentation for the FAFSA information previously verified for the applicable award year to the extent that the FAFSA information previously verified remains unchanged.

Section 668.59 Consequences of a change in an applicant's FAFSA information.

(a) For the subsidized student financial assistance programs, if an applicant's FAFSA information changes as a result of verification, the applicant or the institution must submit to the Secretary any changes to –

(1) A nondollar item; or

(2) A single dollar item of \$25 or more.

(b) For the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, an institution must –

(1) Recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected valid SAR or valid ISIR; and

(2)

(i) Disburse any additional funds under that award only if the institution receives a corrected valid SAR or valid ISIR for the applicant and only to the extent that additional funds are payable based on the recalculation;

(ii) Comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced; or –

(iii) Comply with the procedures specified in 23 CFR §690.79 for an overpayment that is not an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced.

(c) For the subsidized student financial assistance programs, excluding the Federal Pell Grant Program, if an applicant's FAFSA information changes as a result of verification, the institution must -

(1) Adjust the applicant's financial aid package on the basis of the EFC on the corrected valid SAR or valid ISIR; and

(2)

(i) Comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the financial aid package must be reduced;

(ii) Comply with the procedures specified in 34 CFR §673.5(f) for a Federal Perkins loan or an FSEOG overpayment that is not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced.

(iii) Comply with the procedures specified in 23 CFR §685.303(e) for Direct Subsidized Loan excess loan proceeds that are not the result of an interim disbursement if, as a result of verification, the financial aid package must be reduced.

Section 668.61 Recovery of funds from interim disbursements.

(a) If an institution discovers, as a result of verification, that an applicant received under §668.58(a)(2)(i)(B) more financial aid than the applicant was eligible to receive, the institution must eliminate the Federal Pell Grant, Federal Perkins Loan, or FSEOG overpayment by –

(1) Adjusting subsequent disbursements in the award year in which the overpayment occurred; or

(2) Reimbursing the appropriate program account by –

(i) Requiring the applicant to return the overpayment to the Institution if the institution cannot correct the overpayment under paragraph (a)(1) of this section;

or

(ii) Making restitution from its own funds, by the earlier of the following dates, if the applicant does not return the overpayment;

(A) Sixty days after the applicant's last day of attendance.

(B) The last day of the award year in which the institution disbursed Federal Pell Grant, Federal Perkins Loan, or FSEOG Program funds to the applicant.

(b) If an institution discovers, as a result of verification, that an applicant received under §668.58(a)(2)(ii) more financial aid than the applicant was eligible to receive, the institution must eliminate the FWS overpayment by –

(1) Adjusting the applicant's other financial aid; or

(2) Reimbursing the FWS program account by making restitution from its own funds, if the institution cannot correct the overpayment under paragraph (b)(1) of this section. The applicant must still be paid for all work performed under the institution's own payroll account.

(c) If an institution disbursed subsidized student financial assistance to an applicant under §668.58(a)(3), and did not receive the valid SAR or valid ISIR reflecting corrections within the deadlines established under §668.60, the institution must reimburse the appropriate program account by making restitution from its own funds. The applicant must still be paid for all work performed under the institution's own payroll account.

2020-030

The Department of Services for the Blind did not have adequate internal controls to ensure payroll expenditures charged to the Vocational Rehabilitation grant were allowable.

CFDA Number and Title: 84.126 Vocational Rehabilitation

Federal Grantor Name: Department of Education

Federal Award/Contract Number: H126A180072; H126A190072;
H126A200072

Pass-through Entity Name: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Activities Allowed or Unallowed
Allowable Costs / Cost Principles

Questioned Cost Amount: None

Background

The Department of Services for the Blind's (Department) Vocational Rehabilitation program provides services to individuals who are blind, are going blind or have low vision so that such individuals can prepare for and engage in gainful employment. These services are primarily funded by the Vocational Rehabilitation (VR) Grant.

The Department may use grant funds only for costs that are allowable and related to the grant's purpose.

In fiscal year 2020, the Department spent almost \$9.7 million in federal funds for the VR program. More than \$5.2 million of that total was for payroll expenses of employees who worked on the program.

The Department is required to certify its payroll monthly through the Department of Enterprise Services Small Agency Financial Services (SAFS). On-call, part-time employees must submit timesheets to track daily activities performed for VR grant. Twice a month, these employees complete and sign a timesheet and submit it to their direct supervisor for approval. The supervisor reviews and approves the employee's timesheet to ensure they are correctly charging time to the program.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls to ensure payroll expenditures charged to the VR program were allowable.

We found the Department did not conduct timely reviews of its payroll certifications. We examined the supporting documentation for eight monthly certifications and found:

- One certification was reviewed seven months late.
- Two certifications were reviewed six months late.
- One certification was reviewed four months late.

We randomly selected and reviewed 20 employee timesheets and found one instance when a timesheet was not reviewed and approved by a supervisor.

We consider these internal control deficiencies to be a material weakness.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The Department experienced staff turnover during the audit period. Staff from SAFS informed the Department that reviews were not being performed.

The timesheet missing a supervisory review was routed to Human Resources instead of the supervisor.

Effect of Condition

Not conducting a timely review and approval of payroll certifications increases the risk that unallowable expenditures could be charged to the VR grant.

Recommendation

We recommend the Department strengthen its internal controls to ensure monthly payroll certifications and timesheets are reviewed in a timely manner and properly approved by supervisors.

Department's Response

The period covered in this audit was during the time the COVID19 pandemic hit which forced all state Department's to shutter offices and send staff to work from their homes. The priority became putting new procedures in place for Department staff to be able to successfully perform all duties remotely while maintaining adequate controls over processes. At no time were reviews of payroll reports not performed but there were delays in getting certifications submitted to SAFS due to the time it took to set up acceptable methods for submitting the certifications electronically.

As a part of the payroll process SAFS maintains a certification tracking log to track receipt of payroll certifications received from Departments to which they provide payroll services. The tracking log serves as a system for SAFS to monitor receipt of certifications and be able to notify Department's when certifications are not received. DSB was recently informed that SAFS temporarily suspended the practice of notifying agencies of certifications not received during the first months of COVID19. As a result, DSB was not notified that DSB certifications had not been submitted so was not able to take prompt actions to resolve the issue.

As mentioned in this finding there was DSB staff turnover which did cause some disruption to the Department's ability to quickly identify the lack of timely certification submissions. As soon as SAFS alerted DSB to the issue, albeit not timely, staff located and finalized the submission of the missing certifications.

SAFS also recently informed DSB that although certifications are part of the payroll process they are not required in order for SAFS to process payroll. As such DSB has determined that the certification process is not effective as a control in preventing payroll from being processed with incorrect coding and ultimately incorrect grant coding.

Certifications are part of the payroll process, however, the key control to ensuring allowability are reviews of the payroll reports prior to processing payroll, or immediately after, with action taken to make timely corrections if necessary in both workstreams. DSB has implemented these controls to detect these types of payroll errors, and implemented steps required to correct those errors.

The Deputy Financial Officer (DFO) performs payroll report reviews for position cost coding consistent with the federally approved cost allocation plan and for federal grant allowability. DSB has added steps to document these payroll reviews for timely assurances that unallowable payroll expenditures are not charged to the grant.

DSB Human Resources (HR) administers collection of DSB staff timesheets and submits them to SAFS. HR requires all timesheets to be signed by supervisors prior to forwarding the timesheet to HR for payroll processing. HR will take additional steps to ensure supervisors are signing timesheets.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.430 Compensation-personal services, states in part:

- (a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits.
 - (i) Standards for Documentation of Personnel Expenses
 - (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-031 The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation grant.

CFDA Number and Title:	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	H126A180072; H126A190072; H126A200072
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Reporting
Questioned Cost Amount:	None

Background

The Department of Services for the Blind's (Department) Vocational Rehabilitation program provides services for people who are blind, are going blind or have low vision so they can prepare for and engage in gainful employment. These services are primarily funded by the Vocational Rehabilitation (VR) Grant.

The Department must submit an Annual Vocational Rehabilitation Program/Cost Report (RSA-2), which is used to report expenditures for particular services, numbers of clients served, numbers of staff and amounts transferred in and out of the program. The grantor uses this information to evaluate and monitor the financial performance and achievements of a state's vocational rehabilitation agency. The report must be completed annually and is due by December 31 after the close of the federal fiscal year, and must include information about all open grant awards.

The Department must also submit a Federal Financial Report (SF-425), which is used to report expenditures for federal grants semi-annually and annually. The reports are due within 30 days after the end of each reporting period. A final SF-425 is due within 90 days after the period of performance. The report requires the disclosure of cash receipts, disbursements, and cash on hand for the grant during the reporting period. The report also includes disclosure of the indirect costs and program costs, and signature of a certifying person.

In the previous three audits, we reported the Department did not establish adequate internal controls over and did not comply with federal reporting requirements for the Annual RSA-2 and SF-425 reports. The prior finding numbers were 2019-027, 2018-019 and 2017-010.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation Grant.

During our audit period the following reports were due:

- Annual RSA-2
- Two semi-annual SF-425
- One annual SF-425
- One final SF-425

The Department established policies and procedures that require a secondary review of federal financial reports before they are submitted to the grantor to ensure their accuracy. It also hired a Senior Financial Officer in February 2020 to conduct the secondary review. However, we found the Department did not monitor to ensure a secondary review was consistently performed during the audit period.

Also, the Department did not always keep adequate supporting records to support SF-425 reports filed during the audit period. For two of the SF-425 reports we examined, the supporting documentation had to be re-created by the Department to substantiate the amounts reported.

We consider these internal control deficiencies to be a material weakness.

Cause of Condition

At the time some of the reports were due, the newly hired Senior Financial Officer was in the process of obtaining the necessary permissions to access systems needed to conduct the reviews.

During the audit period, the Department faced logistical challenges due to the COVID-19 pandemic. The Department had to transition from an in-person office environment to a completely remote setting in a very short period of time.

Effect of Condition

By not implementing an independent secondary review of financial reports, or keeping supporting records used to create reports, the Department is at a higher risk of not detecting errors and misreporting information to the grantor.

Recommendations

We recommend the Department:

- Ensure secondary reviews of the RSA-2 and SF-425 reports are performed
- Keep adequate supporting records for all reports submitted to the grantor

Department's Response

The Department began making improvements to internal controls over financial reports immediately following receiving the prior year audit results and finding and as of the date of this audit report new controls are in place and operating effectively. The prior audit was completed February 2020.

As mentioned in the description of this finding, the Department hired a Senior Financial Officer (SFO) with experience in federal reporting requirements who began working for the Department in February 2020. The Department also put in place policies and procedures related to RSA reporting which were finalized in March 2020 and staff training was completed in April 2020. The policy requires a secondary review of the RSA reports and includes procedures where the Deputy Financial Officer (DFO) completes the reports and the SFO reviews and approves the reports prior to submitting them to the RSA.

What is not adequately described in the Cause of Condition is the impact of COVID19 on the Department and the temporary delays this event caused on the Department's ability to quickly implement the enhanced controls. The period covered in this audit was during the time the COVID19 pandemic hit which forced all state Departments to shutter offices and send staff to work from their homes. The priority became putting new procedures in place for Department staff to be able to successfully perform all duties remotely while maintaining adequate controls over processes. Also during this time, the newly onboarded SFO was still in process of gaining access to accounting and reporting systems necessary to perform report reviews. For these reasons and during this time it was not possible to consistently perform secondary reviews and ensure DSB was still meeting all of the RSA reporting deadlines.

The RSA reports due and submitted during the audit period were as follows:

- *Annual SF-425*
 - *2019 grant due 10/31/2019 (submitted 10/30/2019)*
- *Final SF-425*
 - *2018 grant due 12/31/2019 (submitted 10/30/2019)*

- *Annual RSA-2*
 - *2019 grant, due 12/31/2019 (submitted 12/31/2019)*
- *Semi-annual SF-425*
 - *2019 grant due 4/30/2020 (submitted 4/27/20)*
 - *2020 grant due 4/30/2020 (submitted 4/27/20)*

New controls were put in place in response to recent audit findings beginning in April 2020 and under very challenging conditions. Secondary reviews are being performed and new documentation requirements are in place to ensure all accounting entries include adequate support.

We also want to highlight this audit did not result in any questioned costs or significant violations of compliance requirements.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section 200.516 Audit findings, states in part:

(b) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

2020-032 The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable.

CFDA Number and Title:	84.126 Rehabilitation Services Vocational Rehabilitation Grants to States
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Numbers:	H126A180071; H126A190071; H126A200071
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Known Questioned Cost Amount:	\$13,143

Background

The Department of Social and Health Services' (Department) Division of Vocational Rehabilitation provide employment services and counseling to individuals with disabilities who want to work but experience barriers to work because of a physical, sensory, and/or mental disability. A Department counselor works with each person to develop a customized plan of services designed to help them reach their employment goal. These services are primarily funded by the Vocational Rehabilitation Grant.

The Department operates and administers the program in accordance with federal regulations, as well as with a State Plan that is approved every four years. The Department spends federal grant money for employment services that are included in a client's individual plan for employment (IPE). The IPE helps a person with a disability prepare for, secure, retain or regain an employment outcome. To ensure that the client is informed and involved in their employment outcome, both the client and a counselor must sign and date the completed IPE after reviewing it. Once an IPE is signed, most services are not allowable unless they are included in the approved IPE.

The Department may also spend federal grant money for pre-employment services that allow the Department to determine eligibility or ability to work and do not need to be in the IPE. While these expenses are not contained in an IPE, they still must be approved and have proper support.

The Department requires all purchases of goods and services on behalf of a client to be pre-approved, using an Authorization for Purchase (AFP). In some cases, a purchase is initiated with a verbal or written commitment to a vendor before an AFP is issued. In this case, a signed AFP must be mailed or given to the vendor within five working days of the commitment being made.

The Department also makes payments to contractors who provide pre-employment transition services for students who are no older than 21 and are eligible, or potentially eligible, for Vocational Rehabilitation services. These contractors submit supporting documentation for these services that includes information about the students they have served.

The Department spent more than \$37.5 million in federal program funds in fiscal year 2020, with about \$10.8 million paid for client services.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable.

We used a statistical sampling method to randomly select and examine 59 out of a total population of 5,965 payments made for client services during fiscal year 2020. We reviewed each payment to determine if it was for an allowable employment service, was either included in a client's IPE or was a pre-employment service, and the AFP was issued after the IPE was signed and before the service was provided.

In six cases (10 percent), we found payments were improper. These payments included \$13,143 in federally funded unallowable costs. Specifically, we found:

- One case when the Department was not able to provide either IPEs or AFP
- Four cases when the services provided were not documented in the signed IPE
- One case when the Department did not have a valid IPE with the client
- One case when the Department was not able to produce a client IPE before the AFP was issued

We also used a statistical sampling method to randomly select and examine 51 of a total population of 144 payments made to contractors for pre-employment transition services. We found one payment for \$37,440 included \$2,080 in federally funded unallowable costs, because one of the clients served was over 21 years of age.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

This issue was reported as a finding in prior audits as findings 2019-023, 2018-023, 2017-014 and 2016-013.

Cause of Condition

Department staff did not follow established policies and procedures to ensure that payments for client services were contained in the client's approved IPE. Also, services were initiated without proper approval. Managerial oversight was not sufficient to detect or prevent these issues.

Effect of Condition and Questioned Costs

By not having adequate internal controls in place, the Department increases its risk of making improper payments for client services.

A statistical sampling method was used to randomly select the payments examined in the audit. Based on the results of our testing, we estimate the total amount of likely improper payments using federal funds to be \$638,257.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our "best estimate of total questioned costs" as required by 2 CFR 200.516(3). To ensure a representative sample, we stratified the population by dollar amount.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Department:

- Pay for client employment services only when those services are contained in an approved IPE and are adequately supported
- Ensure services are not initiated before being properly approved
- Ensure managers adequately monitor staff to ensure staff follow policies and procedures and federal requirements are met

- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department concurs with the finding and the Division of Vocational Rehabilitation (DVR) will complete the following actions to address the exceptions:

- *Incorporate comprehensive automated controls to validate authorizations for purchase into the system design of the case management system currently being procured to replace STARS.*
- *Develop and make available reinforcing training for staff to support understanding of existing and any updated requirements regarding the authorizations for purchase of client services.*
- *Develop a process to monitor the approval of services and provide feedback to leadership about potential areas for improvement.*
- *Initiate a review and implement process improvements:*
 - *Regarding the timing and kinds of approval required for VR services.*
 - *To existing policies and procedures focused on changes to customer plans for employment, as well as any other areas that come to management's attention during the process.*
- *Evaluate the effectiveness of and implement improvements to existing supervisory review activities, to include effective monitoring of those review activities.*
- *Contact the Department of Education, Rehabilitation Services Administration regarding the questioned costs identified in this audit.*

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter and will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and

underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

The Division of Vocational Rehabilitation Customer Services Manual states, in part:

Authorization for Purchase (AFP)

All purchases of goods and services on behalf of a DVR customer must be pre-approved using an AFP. An AFP is a legally binding document. When signed by a VR staff, an AFP is a contract between DVR and a registered vendor or DVR customer. The vendor must be registered in STARS before any authorization or verbal commitment is made.

Because the AFP is legally binding:

1. The AFP must include specific information in the AFP description that describes the goods/services authorized for purchase, as well as the dates of service, amounts authorized, and any other conditions related to the service(s) and/or payment. The AFP description should include the item being purchased and any other key identifying information, such as type/make/model, when appropriate. For example, Maxim Keyboard for PC, or Dragon NaturallySpeaking, Preferred Edition; or 2 pairs of pants, 3 shirts, 1 pair of shoes.
2. The Terms and Conditions must be provided to the vendor or customer along with the AFP.

If a verbal or written commitment is made to a vendor, an AFP is issued, signed by the authorized field staff and mailed or given to the vendor within 5 working days of making any verbal or written commitment to a vendor.

VR Supervisor Approval of Certain Services

VR Supervisors must review and approve certain services, including Community Rehabilitation Program (CRP) provided Community Based Assessments, CRP provided Job Placement and Retention, services supporting customer participation in post-secondary training, and services to support an IPE with an employment outcome in self-employment

Standard Operating Procedure: Supervisory AFP Review, states in part:

VR Field Supervisors have oversight responsibilities regarding the purchases made by counseling staff in the units that they supervise for program quality and compliance purposes. VR Supervisors perform this responsibility by making monthly reviews of the authorizations for purchase (AFPs) that are issued in their units. This review is accomplished through the use of the AFP Review web tool. These monthly reviews are an internal control ensuring that authorizations for purchase are appropriate, well-documented, and accurate.

Standard Operating Procedure: Purchasing Pre-Employment Transition Services from Vendors for DVR Customers, states in part:

Students with disabilities may participate in these services from as young as 14 until they turn 22 years of age, and must be currently enrolled in a secondary or post-secondary education program.

2020-033

Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records monthly.

CFDA Number and Title: 84.268 Federal Direct Student Loans

Federal Grantor Name: Department of Education

Federal Award/Contract Number: Various

Pass-through Entity Name: None

Pass-through Award/Contract Number: None

Applicable Compliance Component: Special Tests and Provisions: Borrower Data and Reconciliation (Direct Loan)

Questioned Cost Amount: None

Background

Institutions of higher education must report all Direct Loan disbursements and submit required records to the Common Origination and Disbursement (COD) system within 15 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file that consists of a Cash Summary, Cash Detail and Loan Details records.

Institutions are required to reconcile these files to their own financial records. Because up to three Direct Loan program years may be open at any given time, institutions may receive three SAS data files each month.

Federal regulations require grant recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

Yakima Valley College (College) did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records monthly.

The College did not establish a process to ensure it performed monthly reconciliations of the SAS data file to its own records as required by federal regulations.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The College said it had not been receiving SAS data files because of a technical issue preventing it from accessing the files from the Department of Education. The College had implemented another process to monitor its Direct Loan disbursements, but it was not the process required by federal regulations.

Effect of Condition

The College had two Direct Loan programs open during the audit period: 2018-19 and 2019-20.

For the 2018-19 loan program, there were four months that required reconciliation during the audit period. The College did not perform two (50 percent) of those reconciliations. For the 2019-20 loan program, there were 12 months that required reconciliation during the audit period. The College did not perform 11 (92 percent) of those reconciliations.

By not following federal regulations, the College is at a higher risk of not properly accounting for its Direct Loan disbursements.

Recommendations

We recommend the College:

- Resolve the technical issue that has prevented the college from obtaining the SAS data files
- Ensure that monthly reconciliations are performed, as required by federal regulations

College's Response

The College concurs with this finding.

The technical issue involving the Common Origination and Disbursement (COD) system which kept the School Account Statement (SAS) data file from generating has been resolved with the assistance of COD Technical Support. The Financial Aid and Business Offices have established a written process by which receipt of the monthly SAS report will be confirmed. This report, which provides a cash summary, cash detail, and loan detail records, will be used in conjunction with the functionality of our Student Management System to reconcile and identify Direct Loan discrepancies between institutional records and COD on a monthly basis. Each discrepancy will be recorded with an explanation and the appropriate resolution.

Auditor's Remarks

We appreciate the College's commitment to resolving this matter. We will follow-up with the College in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the

purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 34 *U.S. Code of Federal Regulations* (CFR) Part 685, *William D. Ford Federal Direct Loan Program* establishes the following applicable requirements:

Section 685.300 *Agreements between an eligible school and the Secretary for participation in the Direct Loan Program*, states in part:

(b) **Program participation agreement.** In the program participation agreement, the school must promise to comply with the Act and applicable regulations and must agree to –

(5) On a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary;

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the

likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-034

The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response program, the Block Grants for Prevention and Treatment of Substance Abuse program, and the Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.

CFDA Number and Title:	93.243, Substance Abuse and Mental Health Services Projects of Regional and National Significance 93.788, State Opioid Response 93.959, Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Numbers:	7H79SP023015; 5H79SP023015; 1H79SP080980; 7H79SM082187; 5H79SP080980-02; 5H79SM082187; 5H79TI080249-02; 6H79TI026803-02M001; 6H79TI026803-02M004; 1H79TI081705-01; 5H79TI081705-02; 3H79TI081705-01S1; 6H79TI081705-01M003 2B08TI010056-19, 3B08TI010056-19S1, 3B08TI010056-18S2, 6B08TI010056- 18M002, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the State Opioid Response (SOR) and the Block Grants for Prevention and Treatment of Substance Abuse programs. The Authority subawards federal funds to counties, tribes and nonprofit organizations to develop prevention programs and provide treatment, support and recovery services. During state fiscal year 2020, the Authority spent more than \$37 million in federal funds

for the SOR and more than \$54.8 million in federal funds for the Block Grants for Prevention and Treatment of Substance Abuse. Of these amounts, the Authority passed about \$28.8 million to subrecipients of the SOR and \$38.6 million to subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse.

The Authority also administers the Substance Abuse and Mental Health Services Projects of Regional and National Significance program. This program addresses priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Authority spent more than \$4.9 million in federal funds during fiscal year 2020 and passed about \$671,000 of this amount to subrecipients, including counties, school districts and nonprofit organizations.

Federal regulations require the Authority to monitor the activities of its subrecipients. This includes verifying that its subrecipients that spend \$750,000 or more in federal awards during a fiscal year obtain a single audit. Further, for the awards it passes on to its subrecipients, the Authority must follow up and ensure the subrecipients take timely action on all deficiencies identified through audits and must issue a management decision for audit findings within six months of the audit report's acceptance by the Federal Audit Clearinghouse. These requirements help ensure grant money is used for authorized purposes and within the provisions of contracts or grant agreements.

As of July 1, 2018, these programs were transferred from the Department of Social and Health Services (DSHS) to the Authority.

In prior audits, we reported the Authority did not have internal controls over and did not comply with requirements to ensure subrecipients received required audits. The prior finding numbers were 2019-028 and 2019-065. We reported DSHS did not have internal controls over and did not comply with requirements to ensure subrecipients received required audits. The prior finding numbers were 2018-025, 2017-016, 2016-014, 2015-016 and 2014-019.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the SOR, the Block Grants for Prevention and Treatment of Substance Abuse program, and the Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.

We found the Authority did not have adequate internal controls in place to verify whether:

- Subrecipients received required audits, if necessary
- Findings were followed up on and management decisions were issued when due

We randomly selected and examined 18 subrecipients from a total population of 137 subrecipients. We found 10 subrecipients (55.6 percent) were not monitored to ensure their compliance with requirements for single audits of subrecipients.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Authority did not establish adequate procedures to verify whether subrecipients obtained required audits. When the oversight of these programs was transferred from DSHS to the Authority, the Authority did not assign a staff member or unit to perform single audit tracking duties. Since then, the Authority established a multi-divisional work group for subrecipient monitoring. However, the Authority has not implemented an effective audit monitoring process.

Effect of Condition

Without establishing adequate internal controls, the Authority cannot ensure all subrecipients that met the threshold for a single audit complied with federal grant requirements.

Recommendations

We recommend the Authority:

- Establish policies and procedures related to subrecipient audit monitoring
- Continue to support its subrecipient monitoring workgroup

Authority's Response

The Authority concurs with the finding and has developed policies and procedures related to subrecipient audit monitoring; however they were not fully implemented at the time of the audit.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal

award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass through entities must:

- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purpose, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass through entity monitoring of the subrecipient must include:
 - (1) Reviewing financial and performance reports required by the pass through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies and pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews and other means.
 - (3) Issuing and management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.
- (f) Verify that every subrecipient is audited as required by Subpart F – Audit Requirements of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Section 200.521 Management Decisions, states in part:

- (c) Pass-through entity. As provided in § 200.331 Requirements for pass-through entities, paragraph (d), the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.
- (d) Time requirements. The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance

that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-035 The Department of Social and Health Services did not have adequate internal controls to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant.

CFDA Number and Title:	93.558, Temporary Assistance for Needy Families
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	1901WATANF, 1901WATAN3, 2001WATANF, 2001WATAN3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Reporting
Questioned Cost Amount:	None

Background

The Department of Social and Health Services, Community Services Division (Department), administers the Temporary Assistance for Needy Families (TANF) grant that provides temporary cash assistance for families in need. To receive TANF benefits, participants must be engaged in entering the work force through the Work First program, with limited exceptions. State agencies must meet or exceed minimum annual work participation rates of 50 percent overall and 90 percent for two-parent families. The Department spent more than \$296 million in federal grant funds during fiscal year 2020.

Federal regulations require the Department to file quarterly reports that include work participation data at summary and individual levels. The Department must file separate reports for its federal TANF program (ACF-199) and state programs (ACF-209). The proper reporting of work participation data is critical because it serves as the basis for the federal government's determination of whether states have met the required work participation rates. A penalty might apply for failure to meet the required rates.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls to ensure it submitted accurate quarterly reports. The prior finding numbers were 2019-030, 2018-028, 2017-020, and 2016-016.

Description of Condition

The Department did not have adequate internal controls in place to ensure it prepared accurate quarterly reports for the TANF grant.

Report verification – accuracy and completeness

Data is extracted from large databases and then transformed with customized SAS code to produce the amounts cited in the reports. In 2019, Research and Data Analysis (RDA) staff at the Department modified the existing code and created new code intended to make the process more efficient and automated. The new and old versions of the code were run to create the ACF-199 and ACF-209 reports. During fiscal year 2020, staff compared the two versions and worked to resolve any differences. The intent of the parallel report comparison was to identify errors. However, the Department did not have documentation showing how the variances were investigated or resolved.

Change management controls

During fiscal year 2020, the Department implemented a foundation server for source code control. This code management tool maintains a history of code change and can track changes made as well as store all previous versions of the code.

The Department did not establish independent processes for staff who reviewed, tested and approved code changes. One person was responsible for additions to, edits of, and deletion from the source code, including testing and implementing the code in production, leading to a lack of separation of duties.

We consider these internal control deficiencies to be a significant deficiency. We were able to examine other supporting data not used by the report preparers to verify the amounts reported by the Department were materially accurate.

Cause of Condition

Report verification – accuracy and completeness

The Department said it did an informal review, but it did not document its processes.

Change management controls

The Department did not have adequate staff to separate duties over change management controls during the audit period.

Effect of Condition

Report verification – accuracy and completeness

By not maintaining documentation of how variances in code were investigated and addressed, management cannot effectively monitor to ensure data used for reporting purposes was accurate.

Change management controls

Unidentified errors or unauthorized changes to source code could result in incomplete or inaccurate ACF-199 and/or ACF-209 reports.

Recommendations

We recommend the Department:

- Document reviews performed of the ACF-199 and ACF-209 reports to ensure they are complete and accurate to support compliance with federal reporting requirements
- Perform and document independent reviews of code changes

Department's Response

The Department agrees with the audit findings.

Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit issues will still be outstanding during at least the first six months of the current audit period. For this reason, we anticipate receiving repeat findings for two or three years in a row.

In response to the SFY 2019 audit finding, the Department implemented an independent review process through which staff in the Research & Data Analysis (RDA) Division, who do not produce the ACF-199 and ACF-209 reports, generate TANF and SSP-MOE quarterly samples for data validation. RDA staff review the samples against source data systems with the assistance of TANF Policy representatives and then document the review and any discrepancies. The manager of the federal reporting team reviews the QA results and ensures corrections are made as needed.

In January 2021, the Department transitioned primary responsibility for TANF federal reporting from RDA to the Economic Services Administration (ESA). ESA is establishing an independent review process for all code changes and anticipates having this work completed by June 2021.

ESA continues to conduct quality assurance processes for each report by having the manager review identified discrepancies and recommend corrective actions as needed. In addition, ESA conducts ongoing quarterly internal control/quality assurance through random sampling of the 199 and 209 reported cases.

The Department will continue to ensure:

- *The use of the formal change control procedures and change control logs in the replacement TANF Federal Reporting System.*
- *Independent review and documentation of all code changes. Use of MS Team Foundation Server for our code repository.*
- *Ongoing updates to documentation throughout the production of TANF Federal Reports using the current TANF Reporting System.*

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section 200.516 Audit findings, states in part:

- (b) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an

audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 45 Code of Federal Regulations, Public Welfare

Section §265.3 What reports must the State file on a quarterly basis, states in part:

(a) Quarterly reports.

(1) Each State must collect on a monthly basis, and file on a quarterly basis, the data specified in the TANF Data Report and the TANF Financial Report (or, as applicable, the Territorial Financial Report).

(2) Each State that claims MOE expenditures for a separate State program(s) must collect on a monthly basis, and file on a quarterly basis, the data specified in the SSP-MOE Data Report.

(b) TANF Data Report. The TANF Data Report consists of four sections. Two sections contain disaggregated data elements and two sections contain aggregated data elements.

(1) Disaggregated Data on Families Receiving TANF Assistance—Section one. Each State must file disaggregated information on families receiving TANF assistance. This section specifies identifying and demographic data such as the individual's Social Security Number and information such as the amount of assistance received, educational level, employment status, work participation activities, citizenship status, and earned and unearned income. The data must be provided for both adults and children.

(2) Disaggregated Data on Families No Longer Receiving TANF Assistance—Section two. Each State must file disaggregated information on families no longer receiving TANF assistance. This

section specifies the reasons for case closure and data similar to the data required in section one.

(3) *Aggregated Data—Section three.* Each State must file aggregated information on families receiving, applying for, and no longer receiving TANF assistance. This section of the TANF Data Report requires aggregate figures in such areas as: The number of applications received and their disposition; the number of recipient families, adult recipients, and child recipients; the number of births and out-of-wedlock births for families receiving TANF assistance; the number of noncustodial parents participating in work activities; and the number of closed cases.

(4) *Aggregated Caseload Data by Stratum—Section four.* Each State that opts to use a stratified sample to report the quarterly TANF disaggregated data must file the monthly caseload data by stratum for each month in the quarter.

(d) *SSP-MOE Data Report.* The SSP-MOE Data Report consists of four sections. Two sections contain disaggregated data elements and two sections contain aggregated data elements.

(1) *Disaggregated Data on Families Receiving SSP-MOE Assistance—Section one.* Each State that claims MOE expenditures for a separate State program(s) must file disaggregated information on families receiving SSP-MOE assistance. This section specifies identifying and demographic data such as the individual's Social Security Number, the amount of assistance received, educational level, employment status, work participation activities, citizenship status, and earned and unearned income. The data must be provided for both adults and children.

(2) *Disaggregated Data on Families No Longer Receiving SSP-MOE Assistance—Section two.* Each State that claims MOE expenditures for a separate State program(s) must file disaggregated information on families no longer receiving SSP-MOE assistance. This section specifies the reasons for case closure and data similar to the data required in section one.

(3) *Aggregated Data—Section three.* Each State that claims MOE expenditures for a separate State program(s) must file aggregated information on families receiving and no longer receiving SSP-MOE assistance. This section of the SSP-MOE Data Report requires

aggregate figures in such areas as: The number of recipient families, adult recipients, and child recipients; the total amount of assistance for families receiving SSP-MOE assistance; the number of non-custodial parents participating in work activities; and the number of closed cases.

(4) *Aggregated Caseload Data by Stratum—Section four.* Each State that claims MOE expenditures for a separate State program(s) and that opts to use a stratified sample to report the SSP-MOE quarterly disaggregated data must file the monthly caseload by stratum for each month in the quarter.

(e) *Optional data elements.* A State has the option not to report on some data elements for some individuals in the TANF Data Report and the SSP-MOE Data Report, as specified in the instructions to these reports.

(f) *Non-custodial parents.* A State must report information on a non-custodial parent (as defined in §260.30 of this chapter) if the non-custodial parent:

- (1) Is receiving assistance as defined in §260.31 of this chapter;
- (2) Is participating in work activities as defined in section 407(d) of the Act; or
- (3) Has been designated by the State as a member of a family receiving assistance.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as

designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-036

The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.658-Foster Care; 93.658-COVID-19 Foster Care 93.659-Adoption Assistance 93.775/93.777/93.778-Medicaid 93.775/93.777/93.778-COVID-19 Medicaid 93.870-Maternal, Infant and Early Childhood Home Visiting Grant
Federal Grantor Names:	Office of Child Care, Administration for Children & Families, Department of Health and Human Services
Federal Award/Contract Numbers:	G1801WACCDF; G1901WACCDF; 2003WACCDF; 2003WACCC3; 1902WAFOST; 2002WAFOST; 1902WAADPT; 2002WAADPT; 1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT; 7X10MC32742-01-00; 1X10MC33616-01-00
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Questioned Cost Amount:	None

Background

As a condition of receiving federal grant funds, the Department of Children, Youth, and Families (Department) must submit a public assistance cost allocation plan (PACAP) to the U.S. Department of Health and Human Services each state fiscal year. The PACAP describes how administrative costs of the Department are allocated to all funding sources including federal grants.

The Department uses the Cost Allocation System (CAS), a subsystem of the Agency Financial Reporting System (AFRS), to execute its PACAP. The Department develops appropriate methodologies and updates cost allocation base input tables that contain cost objectives, which automatically distributes the cost of payments to either state, local, or federal funding sources. The tables in CAS can be added, deleted, changed, or inactivated each calendar month.

As part of its cost allocation process, the Department establishes bases that are used to distribute costs to multiple funding sources. Each base consists of elements that are assigned a percentage that dictates how much of the original payment is allocated to it. For example, a base could be made up of three elements that allocate 35 percent, 25 percent and 40 percent, respectively, that will total 100 percent. Records of these bases are kept in workbooks that are reviewed and approved before being uploaded or keyed to AFRS for use.

In fiscal year 2020, the Department used CAS to allocate about \$297 million in administrative costs to the following federal programs: Child Care and Development Block Grant, Foster Care Title IV-E, Adoption Assistance, Maternal, Infant and Early Childhood Visiting Home Visiting and Medical Assistance Program.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Department did not have adequate internal controls over its process to allocate administrative expenditures to federal grants. The prior finding number was 2019-045.

Description of Condition

The Department did not have adequate internal controls over its process to allocate administrative expenditures to federal grants.

During fiscal year 2020, the Department established 43 bases used to allocate costs for grants reviewed during our audit period. We randomly selected 27 workbooks to examine and found:

- Two instances where there was no documented evidence to show that workbooks were reviewed and approved by a supervisor
- Five instances where there was no documented evidence that the coding input into AFRS was reviewed to ensure its accuracy before being finalized
- Six instances where the person who input coding into AFRS was the same person who reviewed and finalized the input to ensure its accuracy. According to the Department, these duties should be segregated.

We consider these internal control deficiencies to be a material weakness.

Cause of Condition

The Department was not able to maintain adequate internal controls because of limited staffing resources.

Effect of Condition

By not establishing adequate internal controls, there is an increased risk that the Department will not properly allocate costs to the federal government. Improper allocations could lead to improper payments, for which grantors could seek reimbursement from the Department.

Recommendations

We recommend the Department:

- Ensure there is adequate documentation to show what updates are made to base workbooks and that supervisors have reviewed and approved the updates
- Establish segregation of duties with different staff preparing and reviewing workbooks

Department's Response

The Department concurs with the overall finding of SAO and would like to acknowledge that the audit took place during the COVID-19 pandemic. In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, requiring teleworking, hiring freezes, and staff furloughs. The Cost Allocation and Grants Unit was under resourced due to vacancies and the hiring freeze.

While this is a repeat finding, the Department received the FY19 finding from the State Auditor's Office in February 2020, eight months after FY20 started. Therefore, the Department was unable to revise its cost allocation base workbook process prior to the 2020 fiscal year. As to the Auditor's specific recommendations, the Department has implemented a new process for cost allocation base changes to ensure segregation of duties and maintain proper documentation.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (b) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal

awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Appendix VI to Part 200—Public Assistance Cost Allocation Plans

A. GENERAL

Federally-financed programs administered by state public assistance agencies are funded predominately by the Department of Health and Human Services (HHS). In support of its stewardship requirements, HHS has published requirements for the development, documentation, submission, negotiation, and approval of public assistance cost allocation plans in Subpart E of 45 CFR Part 95. All administrative costs (direct and indirect) are normally charged to Federal awards by implementing the public assistance cost allocation plan. This Appendix extends these requirements to all Federal awarding agencies whose programs are administered by a state public assistance agency. Major federally-financed programs typically administered by state public assistance agencies include: Temporary Aid to Needy Families (TANF), Medicaid, Food Stamps, Child Support Enforcement, Adoption Assistance and Foster Care, and Social Services Block Grant.

B. DEFINITIONS

1. State public assistance agency means a state agency administering or supervising the administration of one or more public assistance programs operated by the state as identified in Subpart E of 45 CFR Part 95. For the purpose of this Appendix, these programs include all programs administered by the state public assistance agency.

2. State public assistance agency costs means all costs incurred by, or allocable to, the state public assistance agency, except expenditures for financial assistance, medical contractor payments, food stamps, and payments for services and goods provided directly to program recipients.

C. POLICY

State public assistance agencies will develop, document and implement, and the Federal Government will review, negotiate, and approve, public assistance cost allocation plans in accordance with

Subpart E of 45 CFR Part 95. The plan will include all programs administered by the state public assistance agency. Where a letter of approval or disapproval is transmitted to a state public assistance agency in accordance with Subpart E, the letter will apply to all Federal agencies and programs. The remaining sections of this Appendix (except for the requirement for certification) summarize the provisions of Subpart E of 45 CFR Part 95.

D. SUBMISSION, DOCUMENTATION, AND APPROVAL OF PUBLIC ASSISTANCE COST ALLOCATION PLANS

1. State public assistance agencies are required to promptly submit amendments to the cost allocation plan to HHS for review and approval.

2. Under the coordination process outlined in section E, Review of Implementation of Approved Plans, affected Federal agencies will review all new plans and plan amendments and provide comments, as appropriate, to HHS. The effective date of the plan or plan amendment will be the first day of the calendar quarter following the event that required the amendment, unless another date is specifically approved by HHS. HHS, as the cognizant agency for indirect costs acting on behalf of all affected Federal agencies, will, as necessary, conduct negotiations with the state public assistance agency and will inform the state agency of the action taken on the plan or plan amendment.

E. REVIEW OF IMPLEMENTATION OF APPROVED PLANS

1. Since public assistance cost allocation plans are of a narrative nature, the review during the plan approval process consists of evaluating the appropriateness of the proposed groupings of costs (cost centers) and the related allocation bases. As such, the Federal Government needs some assurance that the cost allocation plan has been implemented as approved. This is accomplished by reviews by the Federal awarding agencies, single audits, or audits conducted by the cognizant agency for indirect costs.

2. Where inappropriate charges affecting more than one Federal awarding agency are identified, the cognizant HHS cost negotiation office will be advised and will take the lead in resolving the issue(s) as provided for in Subpart E of 45 CFR Part 95.

3. If a dispute arises in the negotiation of a plan or from a disallowance involving two or more Federal awarding agencies, the dispute must be resolved in accordance with the appeals procedures set out in 45 CFR Part 16. Disputes involving only one Federal awarding agency will be resolved in accordance with the Federal awarding agency's appeal process.

4. To the extent that problems are encountered among the Federal awarding agencies or governmental units in connection with the negotiation and approval process, the Office of Management and Budget will lend assistance, as required, to resolve such problems in a timely manner.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-037 The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll changes paid by the Child Care and Development Fund cluster were allowable and properly supported.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Questioned Cost Amount:	\$11,207,984

Background

The Department of Children, Youth, and Families (Department) administers the federal Child Care and Development Fund (CCDF) grant to help eligible working families pay for child care.

The Department is allowed to request federal reimbursement for salaries and benefits for program activities. The Department established a process in which employees who spend 100 percent of their time working on the grant must be included in a semi-annual certification. Employees who work on multiple grants must submit timesheets to track daily activities performed for each grant. Twice a month, these employees complete and sign a timesheet and submit it to their direct supervisor for approval. The supervisor reviews and approves the employee's timesheet to ensure they are correctly charging time to the program.

The Department requires each business unit to complete a certification for its employees whose positions are funded by a single federal award. The division director or office unit manager must approve the certification and attest that the employees did not perform any other duties.

In fiscal year 2020, the Department spent about \$245 million in CCDF federal funding. Almost \$24.5 million of that total was for payroll expenses of employees who worked on the program.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure payments for payroll charges paid by the CCDF were allowable and properly supported. The prior finding numbers were 2019-036 and 2018-033.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to ensure payroll charges paid by the CCDF were allowable and properly supported.

We reviewed the semi-annual certifications for the first half of fiscal year 2020 (July 1 to December 31, 2020) that were completed during the audit period and identified six employees who were not included in semi-annual certifications.

The Department did not complete any semi-annual certifications for the second half of fiscal year 2020 (January 1 to June 30, 2020).

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department had written policies in place to ensure salaries and benefits paid with federal grant funds were adequately supported. The Department stated that due to the lack of available resources, management considered other areas to be of higher priority for responsible staff, causing the Department to not follow its established policy.

Effect of Condition

The Department charged \$11,207,984 in direct payroll costs to the CCDF that were not adequately supported. We are questioning these costs.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate records to support its expenditures.

Recommendations

We recommend the Department:

- Follow established policies and procedures to ensure payroll costs charged to a federal grant are adequately supported
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department agrees that payroll certifications were not completed timely, but maintains that the employees charged to the grant were allowable per the Public Assistance Cost Allocation Plan (PACAP). In addition, the cost allocation and grants unit and the budget unit review all position coding to determine allowable charges to the grant prior to position establishment or changes.

In response to the Covid-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, requiring teleworking, hiring freezes, and staff furloughs. The Cost Allocation and grants unit was under resourced due to vacancies and the hiring freeze. In addition, staff were furloughed weekly for the month of July and once per month through October. Teleworking also created a resource issue for the unit due to the inability to process large amounts of data via the state's virtual private network resulting in an increase in data transmission time and a loss of productivity. As a result, resources for the cost allocation and grants unit responsible for the payroll certifications were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks.

The Department is committed to complying with grant requirements and will consult with the grantor to determine whether the questioned costs identified in the audit should be repaid.

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and

underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.430 Compensation-personal services states in part:

(a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

(2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

(3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

(c) Professional activities outside the non-Federal entity. Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

(1) Non-Federal entity activities, and

(2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis

(i) Standards for Documentation of Personnel Expenses

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation

to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

(4) Known questioned costs that are greater than \$25,000 for a Federal program which is not audited as a major program. Except for audit follow-up, the auditor is not required under this part to perform audit procedures for such a Federal program; therefore, the auditor will normally not find questioned costs for a program that is not audited as a major program. However, if the auditor does become aware of questioned costs for a Federal program that is not audited as a major program (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than \$25,000, then the auditor must report this as an audit finding.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess

the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

The Department of Children, Youth, and Families Administrative Policy 1.03.04, Time Certification for Positions Charged to a Single Federal Award, states in part:

1. The cost allocation manager must:
 - a. Verify the allocation of employees' time that is directly charged to federal awards is identified in the DCYF written cost allocation plan and approved by the granting federal authority.
 - b. List all of the names and position numbers for employees charged to a single federal award and distribute to appropriate agency staff for semi-annual certifications.

- c. Verify certifications are completed in the second month following the certification period. DCYF certification are based on the state fiscal year.
 - d. Retain all required documentation per the applicable State Government Records Retention Schedule.
- 2. The division of office unit manager must:
 - a. Review charges for the salaries and wages of employees within their program who are coded directly to a single federal award by completed semi-annual certifications.
 - b. Validate the employees' payroll coding at the time of the certification.
 - c. Email the cost allocation manager any necessary corrections.
 - d. Sign the semi-annual certification and return to the cost allocation manager.
- 3. The division or office director or designee must:
 - a. Review the list of names and position numbers for division level semi-annual certifications.
 - b. Have first-hand knowledge of the actual work performed by the individuals being certified if certifying for an entire division or work unit
 - c. Send an email to the cost allocation manager to communicate any necessary corrections.
 - d. Sign the semi-annual certification and return to the cost allocation manager.

2020-038 The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Questioned Cost Amount:	\$7,736

Background

The Department of Children, Youth, and Families (Department) administers the federal Child Care and Development Fund (CCDF) grant to help eligible working families pay for childcare and funds improvements to child care quality. In fiscal year 2020, the Department spend about \$245 million in CCDF federal funding.

The Department is responsible for establishing policies to ensure payments are allowable. In fiscal year 2020, the Department made 282,648 monthly child care subsidy payments to child care providers.

There are three child care provider types: licensed centers; licensed family homes; and licensed exempt providers referred to as Family, Friends and Neighbor providers (FFN). Licensed centers typically operate as larger facilities, whereas licensed family homes are limited to no more than 12

children at a time. Both centers and homes must adhere to strict licensing requirements established by the Department and are subject to annual monitoring visits.

FFN providers are exempt from many of the licensing requirements. These providers are limited to receiving payment for a maximum of six children in their home or the client's home at a time.

Authorizations for child care

To be authorized for child care services, parents must be determined to be eligible based on their income, residency and demonstrated need based on approved activities. Once parents are determined to be eligible, the Department authorizes the amount of care based on the hours a parent participates in approved activities. For licensed providers, the service levels are generally either 23 full-day units (up to 10 hours a day) or 30 half-day units (up to five hours a day) when authorizing care for households with more than 110 hours of activity. Care is authorized based on need when approvable activities are less than 110 hours. When more than 10 hours a day of care is needed, the Department may authorize additional care for overtime. FFN providers are paid by the hour, and authorizations are made for either part-time care (up to 110 hours a month) or full-time care (up to 230 hours a month). When more than 10 hours a day of care is needed, the Department may authorize additional care for overtime.

Attendance records

According to state rules, child care providers must maintain attendance records to support their billings. At a minimum, the records must include: the child's name; the child's arrival and departure times; date(s) child care was provided; and authorized identifiers (such as signatures or PINs), typically of a parent or guardian. During state fiscal year 2019, the Department implemented a new electronic time and attendance reporting system that maintains electronic copies of attendance records. The adoption dates for using this system varied by provider type and, at the time of the audit, not all providers had incorporated the use of the Department's system or an approved third-party system for tracking.

Before using the new attendance reporting system, providers were not required to submit attendance records unless selected for review. The new reporting system enables the Department to perform data analysis and audit of payments. The Department has established a subsidy audit unit that randomly selects prior payments for review. If the provider has not yet set up access to the Department's electronic system, or another DCYF approved system upon request, providers must submit attendance records and other supporting documentation, which are reconciled to paid invoices.

COVID-19 amendments

In response to the COVID-19 pandemic, the Department updated its CCDF State Plan to reflect necessary changes applicable to child care provider services and payments. The State Plan

amendments were approved by the Administration for Children & Families, under the U.S. Department of Health and Human Services. Effective February 29, 2020, the Department was approved for the following provider changes during the state declared emergency for COVID-19:

- Family Contribution to Copayment: Families were not required to pay a copayment.
- Payment Practices: Providers were paid based on enrollment rather than attendance. This increased school-age care authorizations.
- Group Sizes and Ratios: There was a temporary decrease in the maximum group size and ratios for each age group.
- Quality Provider Grants: Grants were offered to licensed providers who remained open.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers were allowable and properly supported. We have reported this condition since 2005. The most recent audit finding numbers were 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12 and 8-13.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported.

We used a statistical sampling method to randomly select and examine 133 of a total population of 282,648 payments for child care to determine if they were allowable. We chose child care payments by totals from each of the three provider types: licensed centers, licensed family homes and FFNs. With assistance from the Department, we requested attendance records, provider handbooks, and other required receipts from providers that supported the payments. We reviewed each provider's records to determine if the payments were allowed by federal and state regulations as well as by Department policies.

We found 74 payments funded by the CCDF grant that were noncompliant. Of these, 40 were partially or fully unallowable, and we questioned \$7,736 paid by federal CCDF funds.

The reasons the overpayments occurred were:

- Attendance records were not submitted by providers in response to our request
- Providers overbilled for services not performed or not supported by attendance records.

- Providers billed for overtime, registration fees, and/or field trip fees when they did not have a written policy in place to also charge these same fees to private paying parents.
- Providers billed for field trip and quality enhancement activities that were not properly supported by receipt(s).
- Providers did not have a valid license during the month of service.
- Providers were not paid the correct rate.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

Although payment authorizations establish a maximum for what providers may bill without further approval, this does not prevent providers from billing for unallowable days, hours or services. The claim and payment systems are not linked to authorizations or attendance. The Department approves reimbursement requests as long as the provider payment request does not exceed the authorized amount for each type of service. Each month, the Department performs a post-payment review on a sample of payments to determine if they are properly supported. These audits have found significant noncompliance for many years. Adequate resources are not available to perform a review of all submitted documentation before payment. Until the child care subsidy payment system is linked to all attendance reporting systems, providers must maintain attendance records and submit this supporting documentation only when it is requested.

Effect of Condition

By not having adequate internal controls in place, the Department increases its risk of making improper payments for child care services.

A statistical sampling method was used to randomly select the payments examined in the audit. Based on the results of our testing, we estimate the total amount of likely improper payments with federal CCDF funds to be \$21,307,273. In addition, 10 of the improper payments were partially funded by state dollars. We found \$1,102 of improper state payments, which projects to a likely improper payment amount of \$2.7 million. This amount is not included in the federal questioned costs.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3). To ensure a representative sample, we

stratified the population by dollar amount. We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Department:

- Strengthen internal controls over payments to providers to reduce the rate of unallowable payments
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department partially concurs with the audit finding.

In response to prior audit findings, the Department procured an electronic attendance record system. The Department's electronic attendance record system enables accurate, real-time recording of child care attendance, tracks daily attendance, and captures data on child care usage.

Effective December 1, 2018, licensed providers who accept subsidy were required to use the Department's electronic attendance record system or an approved third party system to track attendance. Effective November 30, 2019 (about halfway through the 2020 audit period), FFN providers were also required to use the Department's system or an approved third party system for tracking attendance. Based on the effective dates above, we will not see the full benefit of the electronic attendance record system until state fiscal year 2021.

*Of the 40 exceptions cited, the Department **concurs** that 39 of the payments were partially or fully unallowable due to records not received or being incomplete, incorrect billing hours, overtime billing rules, missing signatures, and field trip fee billing rules. The Department will establish overpayments where appropriate and refer the overpayments to the Office of Financial Recovery for collection. In addition, the Department will continue to provide technical assistance to providers to assist with accurate billings and documentation.*

*The Department **does not** concur with the SAO's exception and questioned costs of \$1,250.04 related to a provider not having attendance records during a month covered by enrollment based pay during the COVID-19 pandemic. The Department passed emergency rules and update the CCDF state plan to allow providers to bill based on enrollment for covered months without requiring providers to support billings with attendance records. These emergency rules covered the period of 3/16/2020 through 8/31/2020. In response to the audit, the provider submitted a written statement that they were open during the month of review and billed based on enrollment based rules. The Department maintains that this was allowable under the emergency rules.*

If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. In regards to the one payment the Department does not concur with, the provider attested to remaining open, but did not provide a status of the sampled child's attendance record or documentation indicating their nonattendance. We reaffirm our finding and will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.53 Improper Payments states:

(a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the

Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the sample purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal

agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

(3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Washington Administrative Code 110-15-0034 Providers' responsibilities, states:

Child care providers who accept child care subsidies must do the following:

- (1) Licensed or certified child care providers who accept child care subsidies must comply with all child care licensing or certification requirements contained in this chapter, chapter 43.216 RCW and chapters 110-06, 110-300, 110-300A, 110-300B, and 110-305 WAC.
- (2) In-home/relative child care providers must comply with the requirements contained in this chapter, chapter 43.216 RCW, and chapters 110-06 and 110-16 WAC.
- (3) In-home/relative child care providers must not submit an invoice for more than six children for the same hours of care.
- (4) All child care providers must use DCYF's electronic attendance recordkeeping system or a DCYF-approved electronic attendance recordkeeping system as required by WAC 110-15-0126. Providers must limit attendance system access to authorized individuals and for authorized purposes, and maintain physical and environmental security controls.
 - (a) Providers using DCYF's electronic recordkeeping system must submit monthly attendance records prior to claiming payment. Providers using a DCYF-approved electronic recordkeeping system must finalize attendance records prior to claiming payment.
 - (b) Providers must not edit attendance records after making a claim for payment.
- (5) All child care providers must complete and maintain accurate daily attendance records. If requested by DCYF or DSHS, the provider must provide to the requesting agency the following records:
 - (a) Attendance records must be provided to DCYF or DSHS within twenty-eight calendar days of the date of a written request from either department.
 - (b) Pursuant to WAC 110-15-0268, the attendance records delivered to DCYF or DSHS may be used to determine whether a provider overpayment has been made and may result in the establishment of an overpayment and in an immediate suspension of the provider's subsidy payment.

(6) All child care providers must maintain and provide receipts for billed field trip/quality enhancement fees as follows. If requested by DCYF or DSHS, the provider must provide the following receipts for billed field trip/quality enhancement fees:

(a) Receipts from the previous twelve months must be available immediately for review upon request by DCYF;

(b) Receipts from one to five years old must be provided within twenty-eight days of the date of a written request from either department.

(7) All child care providers must collect copayments directly from the consumer or the consumer's third-party payor, and report to DCYF if the consumer has not paid a copayment to the provider within the previous sixty days.

(8) All child care providers must follow the billing procedures required by DCYF.

(9) Child care providers who accept child care subsidies must not:

(a) Claim a payment in any month a child has not attended at least one day within the authorization period in that month; however, in the event a ten-day notice terminating a provider's authorization extends into the following month, the provider may claim a payment for any remaining days of the ten calendar day notice in that following month;

(b) Claim an invoice for payment later than six months after the month of service, or the date of the invoice, whichever is later; or

(c) Charge consumers the difference between the provider's customary rate and the maximum allowed state rate.

(10) Licensed and certified providers must not charge consumers for:

(a) Registration fees in excess of what is paid by subsidy program rules;

(b) Days for which the child is scheduled and authorized for care but absent;

(c) Handling fees to process consumer copayments, child care services payments, or paperwork;

- (d) Fees for materials, supplies, or equipment required to meet licensing rules and regulations; or
- (e) Child care or fees related to subsidy billing invoices that are in dispute between the provider and the state.

Washington Administrative Code 110-15-0190 WCCC benefit calculations, states:

(1) The amount of care a consumer may receive is determined by DCYF at application or reapplication. Once the care is authorized, the amount will not be reduced during the eligibility period unless:

- (a) The consumer requests the reduction;
- (b) The care is for a school-aged child as described in subsection (3) of this section; or
- (c) Incorrect information was given at application or reapplication.

(2) To determine the amount of weekly hours of care needed, DCYF reviews:

- (a) The consumer's participation in approved activities and the number of hours the child attends school, including home school, which will reduce the amount of care needed.
- (b) In a two parent household, the days and times approved activities overlap, and only authorize care during those overlapping times. The consumer is eligible for full-time care if overlapping care totals one hundred ten hours in one month.
- (c) DCYF will not consider the schedule of a parent in a two parent household who is not able to care for the child.

(3) Full-time care for a family using licensed providers is authorized when the consumer participates in approved activities at least one hundred ten hours per month:

- (a) Twenty-three full-day units per month will be authorized when the child is in care five or more hours per day.
- (b) Thirty half-day units per month will be authorized when the child is in care less than five hours per day.

(c) Forty-six half-day units per month will be authorized during the months of June, July, and August for a school-aged child who is in care for five or more hours per day.

(4) Partial-day monthly unit. A single partial-day monthly unit per month will be authorized for a school-age child attending a licensed family home child care when the child is:

- (a) Authorized for care with only one provider; and
- (b) Eligible for full-time authorization, but is in care less than five hours on a typical school day; and
- (c) Expected to need care before and after school.
- (d) Only one monthly unit may be authorized per child per month.

(5) Supervisor approval is required for additional days of care that exceeds twenty-three full days, thirty half days, or one partial-day monthly unit per month.

(6) Full-time care for a family using in-home/relative providers (family, friends and neighbors) is authorized when the consumer participates in approved activities at least one hundred ten hours per month:

- (a) Two hundred thirty hours of care will be authorized when the child is in care five or more hours per day;
- (b) One hundred fifteen hours of care will be authorized when the child is in care less than five hours per day;
- (c) One hundred fifteen hours of care will be authorized during the school year for a school-aged child who is in care less than five hours per day and the provider will be authorized for contingency hours each month, up to a maximum of two hundred thirty hours;
- (d) Two hundred thirty hours of care will be authorized during the school year for a school-aged child who is in care five or more hours in a day; and
- (e) Supervisor approval is required for hours of care that exceed two hundred thirty hours per month.

(7) Care cannot exceed sixteen hours per day, per child.

(8) When determining part-time care for a family using licensed providers and the activity is less than one hundred ten hours per month:

- (a) A full-day unit will be authorized for each day of care that exceeds five hours;
- (b) A half-day unit will be authorized for each day of care that is less than five hours; and
- (c) A half-day unit will be authorized for each day of care for a school-aged child, not to exceed thirty half days.

(9) When determining part-time care for a family using in-home/relative providers:

- (a) Under the provisions of subsection (2) of this section, DCYF will authorize the number of hours of care needed per month when the activity is less than one hundred ten hours per month; and
- (b) The total number of authorized hours and contingency hours claimed cannot exceed two hundred thirty hours per month.

(10) DCYF determines the allocation of hours or units for families with multiple providers based upon the information received from the parent.

(11) DCYF may authorize more than the state rate and up to the provider's private pay rate if:

- (a) The parent is a WorkFirst participant; and
- (b) Appropriate child care, at the state rate, is not available within a reasonable distance from the approved activity site. "Appropriate" means licensed or certified child care under WAC 110-15-0125, or an approved in-home/relative provider under WAC 110-16-0010. "Reasonable distance" is determined by comparing distances other local families must travel to access appropriate child care.

(12) Other fees DCYF may authorize to a provider are:

- (a) Registration fees;
- (b) Field trip fees;
- (c) Nonstandard hours bonus;

- (d) Overtime care to a licensed provider when care is expected to exceed ten hours in a day; and
- (e) Special needs rates for a child.

Washington Administrative Code 110-15-0249 Nonstandard hours bonus, states:

(1) A consumer's provider may receive a nonstandard hours bonus (NSHB) payment per child per month for care provided if:

- (a) The provider is licensed or certified;
- (b) The provider provides at least thirty hours of nonstandard hours care during one month; and
- (c) The total cost of the NSHB to the state does not exceed the amount appropriated for this purpose by the legislature for the current state fiscal year.

(2) Nonstandard hours are defined as:

- (a) Before 6 a.m. or after 6 p.m.;
- (b) Any hours on Saturdays and Sundays; and
- (c) Any hours on legal holidays, as defined in RCW 1.16.050.

(3) NSHB amounts are:

- (a) Seventy-six dollars and fifty cents for family homes; and
- (b) Seventy-five dollars for centers.

Washington Administrative Code 110-15-0247 Field trip/enhancement fees, states:

(1) DSHS pays licensed or certified family home child care providers a monthly field trip/quality enhancement fee up to thirty dollars per child or the provider's actual cost for the field trip, whichever is less, only if the fee is required of all parents whose children are in the provider's care. DEL-licensed or certified child care centers and school-age centers are not eligible to receive the field trip/quality enhancement fee.

(2) The field trip/quality enhancement fee is to cover the provider's actual expenses for:

- (a) Admission;

- (b) Enrichment programs and/or ongoing lessons;
 - (c) Public transportation or mileage reimbursement at the state office of financial management rate for the use of a private vehicle;
 - (d) The cost of hiring a nonemployee to provide an activity at the child care site in-house field trip activity; and
 - (e) The purchase or development of a prekindergarten curriculum.
- (3) The field trip/quality enhancement fee shall not cover fees or admission costs for adults on field trips, or food purchased on field trips.

Washington Administrative Code 110-15-0245 Registration fees, states:

- (1) DSHS may pay licensed or certified child care providers and DEL contracted seasonal day camps a registration fee when:
- (a) A child is first enrolled by the consumer for child care with a provider;
 - (b) A consumer enrolls their child with a new child care provider during their eligibility period; or
 - (c) A child has more than a sixty-day break in child care services with the same provider, and it is the provider's policy to charge all parents this fee when there is a break in service.
- (2) A registration fee will be paid only once per calendar year for children who are cared for by the same provider, even if the provider receives subsidy payments under different subsidy programs during this time period for the enrolled children, unless there is a break of sixty days or more as provided in subsection (1)(c) of this section.

Washington Administrative Code 110-305-1001 License required, states:

- (1) A school-age program that provides child care for children must be licensed by the department unless exempt under RCW 43.215.010(2).
- (2) A child care program claiming an exemption must provide to the department proof that they qualify for an exemption using a department approved form.

Washington Administrative Code 110-15-0205 Daily child care rates—Licensed or certified family home child care providers, states:

(1) Base rate. DCYF pays the lesser of the following to a licensed or certified family home child care provider:

(a) The provider's private pay rate for that child; or

(b) The maximum child care subsidy daily rate for that child as listed in the following table effective July 1, 2019:

(2) Effective July 1, 2019, family home providers in all regions and for all ages will receive a partial-day rate that is seventy-five percent of the full-day rate when:

(a) The family home provider provides child care services for the child during a morning session and an afternoon session. A morning session begins at any time after 12:00 a.m. and ends before 12:00 p.m. An afternoon session begins at any time after 12:00 p.m. and ends before 12:00 a.m.;

(b) The child is absent from care in order to attend school or preschool; and

(c) The family home provider is not entitled to payment at the full-day rate.

(d) In no event will a child care provider be entitled to two partial-day rates totaling one hundred fifty percent of the daily rate.

(3)(a) Effective September 1, 2019, a single partial-day monthly rate as listed in the table below is authorized for school-age children who:

(i) Are eligible for a fulltime authorization;

(ii) Are authorized for care with only one provider; and

(iii) Do not need care for more than five hours during a typical school day.

(b) The monthly unit is prorated for partial months of authorization.

(4) WAC 110-300-0355 allows providers to care for children from birth up to and including the end of their eligibility period after their thirteenth birthday.

(5) If the family home provider cares for a child who is thirteen years of age or older, the provider must follow WACs 110-300-0300 and 110-300-0355. A child who is thirteen years of age or older at application must meet the

special needs requirement according to WAC 110-15-0220. If the provider has an exception to care for a child who has reached the child's thirteenth birthday, the payment rate is the same as subsection (1) of this section and the five through twelve year age range column is used for comparison.

(6) DCYF pays family home child care providers at the licensed home rate regardless of their relation to the children (with the exception listed in subsection (7) of this section).

(7) DCYF cannot pay family home child care providers to provide care for children in their care if the provider is:

(a) The child's biological, adoptive or step-parent;

(b) The child's legal guardian or the guardian's spouse or live-in partner; or

(c) Another adult acting in loco parentis or that adult's spouse or live-in partner.

2020-039

The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program.

CFDA Number and Title:	93.558 Temporary Assistance for Needy Families 93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3, 1901WATANF, 1901WATAN3, 2001WATANF, 2001WATAN3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Eligibility
Known Questioned Cost Amount:	\$7,513

Background

The Department of Children, Youth, and Families (Department) administers the federal Child Care and Development Fund (CCDF) grant to help eligible working families pay for child care. In fiscal year 2020, the Department spent \$245 million in CCDF federal funding. The Temporary Assistance for Needy Families (TANF) grant is administered by the Department of Social and Health Services (DSHS). TANF grant funds may be used to pay clients' child care costs to meet one of the program's primary purposes of helping clients obtain employment. If a client obtains employment and is no longer eligible for the program, TANF funds may still be used to pay child care costs to help the client maintain employment.

In fiscal year 2020, the Department paid child care providers almost \$151.3 million in CCDF and TANF federal grant funds.

Some payments made for child care are paid for by both the CCDF and TANF grants. While the two federal programs are separate, the requirements and policies in Washington for child care payments are consolidated under the Working Connections Child Care program.

As of July 1, 2019, the responsibility for making and documenting child care eligibility determinations under the CCDF and TANF grants was transitioned from the Department of Social and Health Services (DSHS) to the Department.

For a family to be eligible for child care assistance, state and federal rules require that at the time of application or reapplication, children must:

- Reside in Washington and be a citizen or legal resident of the United States;
- Be younger than 13 years, or if for verified special needs, be younger than 19 years;
- Reside with a parent(s) or guardian whose countable income does not exceed 200 percent of the federal poverty level at application or 220 percent at re-application;
- Reside with a parent(s) or guardian whose countable income does not increase to over 85 percent of state, territorial or tribal median income for a family of the same size; and
- Reside with a parent(s) or guardian who works or attends a job-training or education program, or needs to be receiving protective services.

State rules describe the information clients must provide to the Department to verify their eligibility. The Department must complete client eligibility determinations within 30 days, or the application process must start over. The information must be accurate, complete, consistent and from a reliable source. This information includes, but is not limited to, employer and hourly wage information, proof of an approved activity under TANF, and family household size and composition.

Once determined to be eligible for the program, a client is eligible for one year unless a change in income causes the client to exceed 85 percent of the state's median income. The Department requires that clients self-report such income changes. A written notice communicates the recipients' reporting requirement and the specific dollar threshold applicable to the household. If the client's new income exceeds this cutoff level, the Department must determine if the client exceeded the threshold temporarily, or should be denied services.

The Department has access to systems that contain wage and household benefit and composition data for some, but not all, child care recipients. The Department uses this information in part to determine program eligibility, benefit level including client co-payment and the amount of child care the family is eligible to receive. If an ineligible client receives assistance, the payment made to the child care provider is not allowable.

In response to the COVID-19 pandemic, the Department updated its CCDF State Plan to reflect necessary changes applicable to child care eligibility determinations. The State Plan amendments were approved by the Administration for Children & Families, under the U.S. Department of Health and Human Services. Effective February 29, 2020, the Department was approved for the following eligibility changes during the state declared emergency for COVID-19:

- Family Contribution to Copayment: Families are not required to pay a copayment.
- Level of Care: School age child care units for recipients were increased
- Approved Activities: Eligibility is extended at reapplication if the recipient is no longer in an approved activity due to a pandemic related layoff

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the past seven audits, we reported findings related to eligibility for the Working Connections Child Care program. In these prior audits, we reported the Department did not have adequate internal controls over the eligibility process for child care subsidy recipients. The four most recent audits also reported the Department was materially non-compliant with federal requirements. These were reported as finding numbers 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30.

Description of Condition

The Department did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care Program.

During the audit period, 32,969 households were determined to be eligible for child care. We used a statistical sampling method to randomly select and examine 86 of these determinations. In 14 instances (16 percent), we found the Department made eligibility determinations improperly, did not obtain required documentation, or did not verify information before authorizing services. Specifically, we found:

- Ten cases (12 percent) when the Department did not obtain sufficient information to make an accurate determination at the time of application, approval, and/or authorization:
 - Five cases (6 percent) when the Department incorrectly determined the household composition and did not obtain documentation to verify the income for both parents. In four of these cases, the household would not

have been eligible to receive services because actual household income exceeded the income limits.

- Five cases (6 percent) when the Department did not obtain complete or timely wage data to determine if the household met income eligibility requirements or to determine the correct level of care assessed and co-pay required. The Department received partial information or had extended timeframes for verifying this data, but never followed up on the remaining income documentation. For three of these cases, the household would not have been eligible to receive services because income exceeded the limits.
- Four cases (5 percent) when the Department obtained adequate income information, but incorrectly applied the wage data when assessing benefits for the household:
- One case (1 percent) when the Department incorrectly entered the wage data and made an inaccurate determination. The household would not have been eligible to receive services because it had exceeded the income limits.
- Three cases (3 percent) when the Department incorrectly calculated income resulting in an incorrect assessment of the household's monthly co-pay amount.

Additionally, for five households, the Department notified the recipient of the incorrect state median income for self-reporting purposes.

The Department performs multiple types of internal audits in relation to the CCDF program. These audits usually have a particular focus and do not address all areas regarding a particular client's eligibility. These audits have found significant noncompliance for many years. However, despite being aware of these issues, the Department has not implemented sufficient internal controls to address and correct them.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

Department staff made eligibility determinations without obtaining sufficient supporting documentation to ensure the household was eligible. Although the Department has policies and procedures, they are not detailed enough to ensure staff make determinations in a consistent manner. Additionally, management did not ensure staff consistently followed the procedures that were in place.

On February 7, 2020, the Department adjusted its child care subsidy co-pay calculation table with the federal poverty level and state median income amounts in effect beginning

April 1, 2020. This update caused the approval letters to reference the new state median income limits before the effective date for applications approved during this time.

Effect of Condition

By not implementing adequate internal controls, the Department is at a higher risk of paying providers for child care services when clients are ineligible.

Of the 14 client eligibility determinations we identified that had errors, six resulted in \$7,513 of federal overpayments to providers. All of this amount was paid with CCDF grant funds.

Because we used a statistical sampling method to randomly select the payments examined in the audit, we estimate the amount of likely federal improper payments to be \$2,880,018 for the CCDF grant.

Further, some of the improper payments were partially funded by state money. Specifically, we found \$21,338 of improper CCDF state payments, which projects to a likely improper payment amount of \$8,179,968 for CCDF. We also found \$6,209 of improper TANF state payments, which projects to a likely improper payment amount of \$2,380,404 for TANF. These amounts are not included in the federal questioned costs.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3).

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Department improve its internal controls over determining eligibility to ensure it:

- Supports approvals and authorizations for child care adequately with verified documentation
- Reviews eligibility determinations sufficiently to detect improper eligibility determinations

- Supports income and household composition information adequately, and ensures the accuracy of that information
- Accurately communicates income reporting thresholds to recipients

We also recommend the Department consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Department's Response

The Department appreciates, acknowledges, and supports SAO's mission, which is to hold state and local government accountable for the use of public resources. Further, we particularly appreciate SAO's work with us over the past year to strengthen the auditing process.

DCYF would like to highlight that between the completion of SWSA 2019 audit and the start of the SWSA 2020 audit, Washington State was under a statewide lockdown followed by significant restrictions, which required numerous emergency rules and subsequent policy and procedure changes to adjust to COVID-19 impacts on clients and providers.

In response to prior CCDF Eligibility findings, the Department prepared to implement major changes to improve our internal controls over determining eligibility. However, many of these changes were delayed due to COVID-19 and then implemented during the SFY21 audit period. Therefore, the Department observed similar findings in SFY20 as in in the SFY19 audit period, but with a reduction in questioned costs due to additional training for child care eligibility workers. We have outlined these improvements below.

SAO Cause of Condition: 1) Department staff made eligibility determinations without obtaining sufficient supporting documentation to ensure the household was eligible.

The Department improved procedures and implemented new processes to determine household composition in October 2020. This change was originally scheduled for April 2020 and was delayed due to implementation of policies to support providers and families due to the COVID-19 pandemic. Program improvements to support accurate determination of household composition included new system automation to support increased documentation, staff training, and resources to support eligibility staff. All five of the audit errors related to household composition for this audit had eligibility determined prior to the implementation of our mitigation efforts.

SAO Cause of Condition: 2) Department has policies and procedures but they are not detailed enough to ensure staff make determinations in a consistent manner.

Child care is a quickly evolving field with continued program improvements and policy changes. The Department had difficulty obtaining the desired consistent eligibility determination because of implementation of emergency and temporary rules, in response

to the COVID-19 pandemic, into the already planned improvement changes. Federal guidance stresses the importance of simplified policies that do not limit access for eligible families while ensuring program integrity. Historically the child care rules were more strict with overly prescriptive policies and procedures. This resulted in increased audit findings. The Department has simplified policies and processes to align with CCDF requirements resulting in continued improvement of audit findings. These efforts continue as the Department develops policies to meet CCDF requirements.

SAO Cause of Condition: 3) Management did not ensure staff consistently followed the procedures that were in place.

The Department is part of the Health and Human Services coalition to look at integrated eligibility systems. The eligibility system and subsequent audit program that came to the Department during the transition from DSHS is very complicated and antiquated. The eligibility systems auditing program, which is still owned by DSHS, is no longer supported by DSHS Information Technology Division which prevents the Department from implementing any changes or alterations being made to adapt this program to the current needs.

The Department's child care trainers develop and facilitate training for changes in policy, procedures, and areas of weakness. The complete overhaul of the household composition process, which was part of the prior Corrective Action Plan 2019-027, included extensive training which was created and taught to all child care eligibility workers.

SAO Cause of Condition: 4) A system update caused the approval letters to reference the new state median income limits before the effective date for applications approved during this time.

In response to SAO identifying the error in automation, the Department corrected and immediately implemented processes to review client communication when changes are made to income limits and copay charts.

During SFY20 several areas of vulnerability that were identified in previous audits were automated:

- *For cases approved with new employment:*
 - *An automated reminder of the need for income verification is sent to the client on day 40 to increase client response; and*
 - *An automated closure on day 61 if verification hasn't been received.*
- *A system improvement to only allow authorizations for children that meet our citizenship requirements.*

- *Updated the system to require supervisor approvals for any overtime care.*
- *A program violation database was created to prevent clients and providers from participating in child care subsidy if convicted of fraud.*

Auditor's Remarks

We appreciate the Department's commitment to resolving these matters. We will follow-up on the corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

(a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award

Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

(3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Washington Administrative Code 110-15-0012 Verifying consumers' information, states:

(1) DSHS may require the consumer to provide verification of child care subsidy eligibility if DSHS is unable to verify it through agency records or systems. The information and verification provided to DSHS from the consumer must:

(a) Clearly relate to the request made by DSHS;

(b) Be from a reliable source;

(c) Be accurate and complete; and

(d) If DSHS has reasonable cause to believe the information and verification the consumer provides is unreliable, inaccurate, incomplete, or inconsistent, DSHS may:

(i) Ask the consumer to provide additional verification that may include a statement from a person who lives outside of the consumer's residence who knows the consumer's circumstances;

(ii) Send an investigator from the DSHS office of fraud and accountability (OFA) to make an unannounced visit to the consumer's home to verify the consumer's circumstances. Consumer's rights are found in WAC [110-15-0025](#); or

(iii) Deny the application, request for reduced copay, or request for additional child care.

(2) Gross income of consumers with more than ninety days of employment must be employer-verified. If the consumer has less than ninety days of employment, the consumer must provide verification from the employer within sixty days from the approval date.

(3) DSHS may only request verification for changes during the family's eligibility period that reduce a copayment or increase the authorized amount of care, if agency records or systems cannot provide verification.

(4) If DSHS is unable to verify household composition of a single-parent household through agency records, the single-parent consumer must provide the name and address of the child's other parent, or declare, under penalty of perjury:

(a) That the other parent's identity and address are unknown to the consumer; or

(b) That providing this information will likely result in serious physical or emotional harm to the single-parent consumer or another person residing with the single-parent consumer; and

(c) Whether the other parent is present or absent in the household.

(5) DSHS will pay for requested verification that requires payment; however, this does not include payment for a self-employed consumer's state business registration or license, which is a cost of doing business.

Washington Administrative Code 110-15-0015 Determining household size, states:

(1) DCYF determines a consumer's family size as follows:

(a) For a single parent, including a minor parent living independently, DCYF counts the consumer and the consumer's children;

(b) For unmarried parents who have at least one mutual child, DCYF counts both parents and all of their children living in the household;

(c) Unmarried parents who have no mutual children are counted as separate WCCC households, the unmarried parents and their respective children living in the household;

(d) For married parents, DCYF counts both parents and all of their children living in the household;

(e) For parents who are undocumented aliens as defined in WAC 388-424-0001, DCYF counts the parents and children, documented and undocumented, and all other family rules in this section apply. Children needing care must meet citizenship requirements described in WAC 110-15-0005;

(f) For a legal guardian verified by a legal or court document, adult sibling or step-sibling, nephew, niece, aunt, uncle, grandparent, any of these relatives with the prefix "great," such as a "great-nephew," or an in loco parentis custodian who is not related to the child as described in WAC 110-15-0005, DCYF counts only the children and only the children's income is counted;

(g) For a parent who is out of the household because of employer requirements, such as training or military service, and expected to return

to the household, DCYF counts the consumer, the absent parent, and the children;

(h) For a parent who is voluntarily out of the household for reasons other than requirements of the employer, such as unapproved schooling and visiting family members, and is expected to return to the household, DCYF counts the consumer, the absent parent, and the children. WAC 110-15-0020 and all other family and household rules in this section apply;

(i) For a parent who is out of the country and waiting for legal reentry in to the United States, DCYF counts only the consumer and children residing in the United States and all other family and household rules in this section apply;

(j) An incarcerated parent is not part of the household count for determining income and eligibility. DCYF counts the remaining household members using all other family rules in this section; and

(k) For a parent incarcerated at a Washington state correctional facility whose child lives with them at the facility, DCYF counts the parent and child as their own household.

(2) When the household consists of the consumer's own child and another child identified in subsection (1)(f) of this section, the household may be combined into one household or kept as distinct households for the benefit of the consumer.

Washington Administrative Code 110-15-0031 Notification of changes, states:

(1) Consumers applying for or receiving WCCC benefits must:

(a) Notify DSHS within five days of:

(i) Starting care with a provider; or

(ii) Any change in providers.

(b) Notify DSHS, within ten days, of:

(i) Changes of the address or telephone number of the consumer's in-home/relative provider;

(ii) Changes of the consumer's home address or telephone number;

(iii) Changes that increase the number of hours of authorized care;

(iv) When the consumer's countable income increases and exceeds eighty-five percent of state median income; or

(v) When the consumer's countable resources exceed one million dollars.

(c) The effective date of the change is:

(i) The date of the change when the consumer reports timely and provides required verification within the requested time frame;

(ii) The date the change is reported when the consumer does not report timely and provides required verification within the requested time frame; or

(iii) The date the verification is received when it is not returned within the requested time frame.

(d) When required changes are timely reported, an overpayment will not be established.

(e) When required changes are not timely reported, an overpayment may be established as provided in WAC 110-15-0271.

(2) When a consumer reports a change that will decrease their copayment, the date of change for the copayment is described in WAC 110-15-0085.

Washington Administrative Code 110-15-0065 Calculation of income, states:

DSHS uses a consumer's countable income when determining income eligibility and copayment. A consumer's countable income is the sum of all income listed in WAC 110-15-0060 minus any child support paid out through a court order, division of child support administrative order, or tribal government order.

(1) To determine a consumer's income, DSHS either:

(a) Calculates an average monthly income by:

(i) Determining the number of months, weeks or pay periods it took the consumer's WCCC household to earn the income; and dividing the income by the same number of months, weeks or pay periods.

(ii) If the past wages are no longer reflective of the current income, DSHS may accept the employer's statement

of current, anticipated wages for future income determination.

(b) When the consumer begins new employment and has less than three months of wages, DSHS uses the best available estimate of the consumer's WCCC household's current income:

(i) As verified by the consumer's employer; or

(ii) As provided by the consumer through a verbal or written statement documenting the new employment at the time of application, reapplication or change reporting, and wage verification within sixty days of DSHS request.

(2) If a consumer receives a lump sum payment (such as money from the sale of property or back child support payment) in the month of application or during the consumer's WCCC eligibility:

(a) DSHS calculates a monthly amount by dividing the lump sum payment by twelve;

(b) DSHS adds the monthly amount to the consumer's expected average monthly income:

(i) For the month it was received; and

(ii) For the remaining months of the current eligibility period; and

(c) To remain eligible for WCCC the consumer must meet WCCC income guidelines after the lump sum payment is applied.

Washington Administrative Code 110-15-0075 Determining income eligibility and copayment amounts, states:

(1) DCYF takes the following steps to determine a consumer's eligibility and copayment, whether care is provided under a WCCC voucher or contract:

(a) Determine the consumer's family size (under WAC 110-15-0015); and

(b) Determine the consumer's countable income (under WAC 110-15-0065).

(2) DCYF calculates the consumer's copayment as follows:

IF A CONSUMER'S INCOME IS:	THEN THE CONSUMER'S COPAYMENT IS:
(a) At or below 82% of the federal poverty guidelines (FPG).	\$15
(b) Above 82% of the FPG up to 137.5% of the FPG.	\$65
(c) Above 137.5% of the FPG through 200% of the FPG.	The dollar amount equal to subtracting 137.5% of the FPG from countable income, multiplying by 50%, then adding \$65, up to a maximum of \$115.

(3) DCYF does not prorate the copayment when a consumer uses care for part of a month.

(4) The FPG is updated every year. The WCCC eligibility level is updated at the same time every year to remain current with the FPG.

2020-040 The Department of Children, Youth, and Families did not have adequate internal controls over matching, level of effort and earmarking requirements and did not comply with matching requirements for the Child Care and Development Fund Cluster programs.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Matching, Level of Effort, Earmarking
Questioned Cost Amount:	\$6,595,589

Background

The Child Care and Development Fund (CCDF) provides funds to states, territories, and tribes to increase the availability, affordability, and quality of child care services. Funds are used to subsidize child care for low-income families in which the parents are working or attending training or educational programs, as well as for activities to promote overall child care quality for all children, regardless of subsidy receipt.

The CCDF consists of three distinct funding sources: Discretionary Fund, Mandatory Fund, and Matching Fund. Additionally, under the Temporary Assistance for Needy Families (TANF) program, a state may transfer TANF funds to CCDF and, if so, the funds transferred in are treated as Discretionary Funds. States are instructed how to spend federal money. For a state to receive the allotted share of the Matching Fund, the state must match federal Matching Fund claimed with state expenditures at the Federal Medical Assistance Percentage rate for the applicable fiscal year

and meet the Maintenance of Effort (MOE) requirement. In addition, the Department must meet earmarked expenditures for administrative and quality activities.

In Washington, the Department of Children, Youth, and Families (Department) administers the CCDF grant. In fiscal year 2020, the Department spent about \$245 million in CCDF federal funding.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over matching, level of effort, and earmarking requirements and did not comply with matching requirements for the Child Care and Development Fund Cluster programs.

Department staff run monthly expenditure reports to track requirements over matching, level of effort, and earmarking for each open grant award. The Department did not have documentation to show this process was operating during the audit period and that reports were reviewed by management.

During the audit period, the matching requirement applied to the federal fiscal year 2019 award. State expenditures from the Department and the Department of Social and Health Services (DSHS) were used to meet this requirement.

Also, the Department did not have any written policies and procedures describing how it monitored to ensure the matching, level of effort, and earmarking requirements were met. We consider these internal control deficiencies to be a material weakness.

This condition was not reported in the prior audit.

Cause of Condition

The responsibility to track grant expenditures was transferred to multiple staff during the audit period. The Department said the lack of an established process was due to insufficient staffing.

As of July 1, 2019, the responsibility for making and documenting child care payments and eligibility determinations under the CCDF and TANF grants was transitioned from the DSHS to the Department. During the transition there was a lack of monitoring over DSHS expenditures claimed for match for the federal fiscal year that crossed both agencies. In calculating state expenditures for this requirement, the Department was using a DSHS expenditure total without confirming its accuracy.

Effect of Condition

By not establishing adequate internal controls, the Department is at greater risk of not complying with federal requirements.

We were able to examine other documentation to confirm the Department materially complied with the level of effort and earmarking requirements.

For the federal fiscal year 2019 matching award, the Department claimed \$37,790,150, but actually spent \$31,194,561 in state expenditures, which resulted in questioned costs of \$6,595,589.

Recommendations

We recommend the Department:

- Keep documentation to demonstrate internal control activities are in place
- Ensure management reviews and documents evidence that the control activities are operating effectively
- Develop written policies and procedures describing these processes
- Ensure CCDF expenditures reported by DSHS are properly supported
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department of Children, Youth, and Families appreciates, acknowledges, and supports the State Auditor's Office's (SAO) mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develops strategies to make government more efficient and effective.

The Department concurs with the overall finding and would like to acknowledge that the audit took place during the Covid-19 pandemic and the Governor's mandatory stay home stay, safe healthy executive order. In addition, the Department was created as a new agency on July 1, 2018, this audit took place in the second year of operations as transition was still taking place.

The Department has been working on internal controls to ensure that CCDF expenditures reported by DSHS are properly supported. This grant is not yet closed and therefore, we are working on reconciling this grant to ensure that all grant requirements are met prior to the end of the grant period. At the beginning of SFY 2020, all expenditures for CCDF are processed and recorded at DCYF. This will assist staff in managing the matching, level of effort, and earmarking requirements. We will also develop written procedures describing the matching, level of effort, and earmarking process.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 98, Child Care and Development Fund establishes the following applicable requirements:

Section 98.50 Child care services states in part:

(b) Of the aggregate amount of funds expended by a State or Territory (*i.e.*, Discretionary, Mandatory, and Federal and State share of Matching funds):

(1) No less than seven percent in fiscal years 2016 and 2017, eight percent in fiscal years 2018 and 2019, and nine percent in fiscal year 2020 and each succeeding fiscal year shall be used for activities designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care as described at §98.53; and

(2) No less than three percent in fiscal year 2017 and each succeeding fiscal year shall be used to carry out activities at §98.53(a)(4) as such activities relate to the quality of care for infants and toddlers.

(3) Nothing in this section shall preclude the State or Territory from reserving a larger percentage of funds to carry out activities described in paragraphs (b)(1) and (2) of this section.

(c) Funds expended from each fiscal year's allotment on quality activities pursuant to paragraph (b) of this section:

(1) Must be in alignment with an assessment of the Lead Agency's need to carry out such services and care as required at §98.53(a);

(2) Must include measurable indicators of progress in accordance with §98.53(f); and

(3) May be provided directly by the Lead Agency or through grants or contracts with local child care resource and referral organizations or other appropriate entities.

(d) Of the aggregate amount of funds expended (*i.e.*, Discretionary, Mandatory, and Federal and State share of Matching Funds), no more than five percent may be used for administrative activities as described at §98.54.

(e) Not less than 70 percent of the Mandatory and Federal and State share of Matching Funds shall be used to meet the child care needs of families who:

(1) Are receiving assistance under a State program under Part A of title IV of the Social Security Act;

(2) Are attempting through work activities to transition off such assistance program; and

(3) Are at risk of becoming dependent on such assistance program.

(f) From Discretionary amounts provided for a fiscal year, the Lead Agency shall:

(1) Reserve the minimum amount required under paragraph (b) of this section for quality activities, and the funds for administrative costs described at paragraph (d) of this section; and

(2) From the remainder, use not less than 70 percent to fund direct services (provided by the Lead Agency).

(g) Of the funds remaining after applying the provisions of paragraphs (a) through (f) of this section, the Lead Agency shall spend a substantial portion of funds to provide direct child care services to low-income families who are working or attending training or education.

(h) Pursuant to §98.16(i)(4), the Plan shall specify how the State will meet the child care needs of families described in paragraph (e) of this section.

Section 98.55 Matching fund requirements states in part:

(c) In order to receive Federal matching funds for a fiscal year under paragraph (a) of this section:

(1) States shall also expend an amount of non-Federal funds for child care activities in the State that is at least equal to the State's share of expenditures for fiscal year 1994 or 1995 (whichever is greater) under sections 402(g) and (i) of the Social Security Act as these sections were in effect before October 1, 1995; and

(2) The expenditures shall be for allowable services or activities, as described in the approved State Plan if appropriate, that meet the goals and purposes of the Act.

(3) All Mandatory Funds are obligated in accordance with §98.60(d)(2)(i).

(d) The same expenditure may not be used to meet the requirements under both paragraphs (b) and (c) of this section in a fiscal year.

(e) An expenditure in the State for purposes of this subpart may be:

(1) Public funds when the funds are:

(i) Appropriated directly to the Lead Agency specified at §98.10, or transferred from another public agency to that Lead Agency and under its administrative control, or certified by the contributing public agency as representing expenditures eligible for Federal match;

(ii) Not used to match other Federal funds; and

(iii) Not Federal funds, or are Federal funds authorized by Federal law to be used to match other Federal funds; or

(2) Donated from private sources when the donated funds:

(i) Are donated without any restriction that would require their use for a specific individual, organization, facility or institution;

(ii) Do not revert to the donor's facility or use;

(iii) Are not used to match other Federal funds;

(iv) Shall be certified both by the Lead Agency and by the donor (if funds are donated directly to the Lead Agency) or the Lead Agency and the entity designated by the State to receive donated funds pursuant to paragraph (f) of this section (if funds are donated directly to the designated entity) as available and representing funds eligible for Federal match; and

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-041 The Department of Children, Youth, and Families did not have adequate internal controls over period of performance requirements for the Child Care and Development Fund Cluster programs.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Period of Performance
Questioned Cost Amount:	None

Background

The Child Care and Development Fund (CCDF) provides funds to states, territories, and tribes to increase the availability, affordability, and quality of child care services. Funds are used to subsidize child care for low-income families in which the parents are working or attending training or educational programs, as well as for activities to promote overall child care quality for all children, regardless of subsidy receipt.

Each federal grant specifies a performance period during which program costs may be obligated or liquidated. These periods typically align with the federal fiscal year of October 1 through September 30. Payments for costs charged before a grant's beginning date are not allowed without the grantor's prior approval.

The CCDF consists of three distinct funding sources: Discretionary Fund, Mandatory Fund, and Matching Fund. Each of these funds have specific requirements for period of performance (45 CFR 98.60(d)):

- Discretionary Funds must be obligated by the end of the succeeding fiscal year after award and expended by the end of the third fiscal year after award.
- Mandatory Funds for states must be obligated by the end of the fiscal year in which they are awarded if the state also requests Matching Funds. If no Matching Funds are requested for the fiscal year, then the Mandatory Funds are available until liquidated.
- Matching Funds must be obligated by the end of the fiscal year in which they are awarded and liquidated by the end of the succeeding fiscal year after award.

In Washington, the Department of Children, Youth, and Families (Department) administers the CCDF grant. In fiscal year 2020, the Department spent about \$245 million in CCDF federal funding.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate controls over period of performance requirements for the Child Care and Development Fund Cluster programs.

The Department did not establish an effective process to ensure expenditures were obligated within the allowable period of performance. Also, the Department did not have any written policies and procedures describing how it monitored to ensure the period of performance requirement was met.

We consider these internal control deficiencies to be a material weakness.

This condition was not reported in the prior audit.

Cause of Condition

The Department said the lack of an established process was due to insufficient staffing resources.

Effect of Condition

During our review of Department records, we identified over \$24 million in costs obligated to the CCDF grant after the period of performance ended but that were not yet spent. The Department said these expenditures were incorrectly coded. We did not question the costs because the Department did not draw federal funds on it and it is working on transferring the costs to other funding sources.

By not having adequate internal controls in place, the Department is at a higher risk of making improper payments outside the period of performance.

Recommendations

We recommend the Department:

- Establish an effective process to ensure expenditures are obligated to the CCDF grant only during its allowed period of performance.
- Develop written policies and procedures describing this process.

Department's Response

The Department of Children, Youth, and Families appreciates, acknowledges, and supports the State Auditor's Office's (SAO) mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develops strategies to make government more efficient and effective.

The Department partially concurs with the finding and would like to acknowledge that the audit took place during the Covid-19 pandemic and the Governor's mandatory stay home stay, safe healthy executive order. In addition, it is important to note that the Department was created as a new agency on July 1, 2018 and this audit was conducted during the second year of operations as a new agency.

The Department does not concur with the finding that adequate controls are not in place to ensure proper expenditures are charged to the CCDF grant. The SAO performed a SFY20 compliance audit of the period of performance requirements and found no expenditures improperly charged to the federal partner. The Department performs weekly reviews of the period of performance requirements. If expenditures are found to be charged to the incorrect grant year or obligated or liquidated outside of the grant period a journal voucher (JV) is created to correct the charges. The Department provided SAO with copies of JVs that were processed to show documentation of period of performance expenditures that were identified and corrected during the audit period. In addition, the period of performance requirements are documented in the Department's federal bimonthly cash draw workbooks and quarterly 696 reports. The cash draws and 696 report are reviewed by the Cost Allocation and Grants Unit Manager prior to release to the federal partner.

The Department concurs that it does not have written policies and procedures related to period of performance. As a newly established agency, the Department continues to work on documenting, refining internal controls, processes and procedures. The Department has been developing and refining internal controls to ensure that CCDF expenditures are recorded within the period of performance requirements. Further, it should also be noted that this grant is not yet closed and therefore, the Department is performing the reconciliation of the CCDF grant to ensure that all grant requirements are met and are within the period of performance prior to the end of the grant. We will also develop written procedures describing the process by which the Department will ensure expenditures are obligated by the applicable date for each grant award.

Auditor's Remarks

While the audit did not identify non-compliance, in our judgment, there is a reasonable possibility that the internal controls asserted by the Department would not prevent, detect and correct errors that could lead to non-compliance with grant requirements.

We appreciate the Department's commitment to implement written policies and procedures. We will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.53 Improper Payments states:

(a) Improper payment means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(b) Improper payment includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 45 CFR Part 98, *Child Care and Development Fund*, Subpart G – Financial Management, Section 98.60 – Availability of funds, states in part:

(d) The following obligation and liquidation provisions apply to States and Territories:

(1) Discretionary Fund allotments shall be obligated in the fiscal year in which funds are awarded or in the succeeding fiscal year. Unliquidated obligations as of the end of the succeeding fiscal year shall be liquidated within one year.

(2) (i) Mandatory Funds for States requesting Matching Funds per §98.55 shall be obligated in the fiscal year in which the funds are granted and are available until expended.

(ii) Mandatory Funds for States that do not request Matching Funds are available until expended.

(3) Both the Federal and non-Federal share of the Matching Fund shall be obligated in the fiscal year in which the funds are granted and liquidated no later than the end of the succeeding fiscal year.

2020-042 The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund Program.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Health and Safety Requirements
Known Questioned Cost Amount:	\$8,760

Background

The Department of Children, Youth, and Families (Department) administers the federal Child Care and Development Fund (CCDF) grant to help eligible working families pay for child care. In fiscal year 2020, the Department spent about \$245 million in CCDF federal funding.

The Department oversees two types of providers: licensed providers and license-exempt Family, Friends, & Neighbors (FFN) providers. The Department is responsible for ensuring all these providers meet health and safety standards. The monitoring activity varies for licensed and FFN providers.

Licensed providers

Department licensors conduct annual, unannounced monitoring visits of licensed providers, using a monitoring checklist to verify whether required health and safety standards are being met. The licensors use the WA Compass system to document their activities. The system allows licensing staff to monitor the completion of visits, make timely updates and streamline their processes.

When health and safety violations are identified during a monitoring visit, licensors document them on an inspection report. The inspection report contains the areas of provider noncompliance and establishes deadlines for correcting them. Providers must show proof of compliance to their licensor. If the provider does not resolve a noncompliance issue, the Department may impose sanctions, issue fines, or suspend or revoke the provider's license.

FFN providers

The FFN provider health and safety requirements were updated on October 1, 2018. Requirements applying to non-relative FFN providers include annual technical visits, initial and ongoing health and safety training and the signing of a health and safety agreement between providers and parents. Additionally, all relative and non-relative FFN providers who receive subsidy payments are required to complete a fingerprint background check. The Department submitted and received approval for the CCDF State Plan for federal fiscal years 2019-2021 to address how the Department would meet these new requirements. New state rules were also adopted to address these requirements.

COVID-19 waiver

In response to the COVID-19 pandemic, the Department received two waivers from the Administration for Children & Families, under the U.S. Department of Health and Human Services. Effective February 29, 2020, the Department was exempt from the following health and safety requirements:

- Licensed provider annual unannounced monitoring visits
- Non-relative FFN annual technical visits
- Fingerprint background checks for licensed providers, non-relative FFNs, and relative FFNs

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund Program.

Licensed provider inspections – monitoring visits

The Department was required to perform monitoring visits from July 1, 2019, until February 29, 2020 – the effective date of the federal waiver. The Department did not have documentation to show it had a plan to comply with the annual visit requirements of all providers.

Licensed provider inspections – noncompliance follow-up

For the visits completed in fiscal year 2020, the Department was required to conduct timely follow-up on noncompliance issues. When serious health and safety violations are identified, licensors must conduct an unannounced re-check of the facility within 10 business days. Less serious non-compliance issues must be re-checked or compliance verified by the licensor within 15 business days.

Licensors track required provider rechecks individually. The Department did not establish a process to ensure all licensors materially complied with this requirement. Supervisors conduct monthly meetings with licensors but it is informal and undocumented.

Non-relative FFN providers – technical visits and ongoing annual training

By October 1, 2019, federal regulations required the Department to meet the annual technical visit and ongoing annual training requirement. The Department adopted a rule (WAC 110-16-0030) that states it must conduct annual technical assistance visits for non-relative FFN providers within a year of subsidy approval. During these visits, an FFN specialist reviews health and safety requirements and performs the ongoing training requirements.

In fiscal year 2020, the Department did not implement any procedures to ensure the visits and provider training occurred.

Non-relative FFN providers – initial health and safety training

Washington's CCDF state plan and a state rule (WAC 110-16-0025) require non-relative FFN providers to complete health and safety training within 90 days of their subsidy payment start date.

The Department said this requirement was being monitored in fiscal year 2020. We requested documentation from the Department detailing which providers were required to complete initial health and safety training during the audit period. The Department could not provide this information due to system limitations.

Non-relative FFN providers – provider health and safety agreement

The state plan and a state rule (WAC 110-16-0030) require non-relative FFN providers to complete a health and safety agreement with the parent of the child receiving care within 45 days of completing initial training requirements.

During the audit period, Department management decided to accept an email confirmation of completion from the provider in lieu of a signed copy of the agreement due to the provider's inability to electronically sign the document. The Department did not request approval from the grantor to change its approach.

FFN providers – background checks

Beginning October 1, 2019, a state rule (WAC 110-06-0046) requires all FFN providers to receive a fingerprint background check and be approved by the Department before providing child care.

If a background check results in the provider being disqualified, the provider is not allowed to receive payments from the Department until they pass the background check.

The Department did not establish an effective process to ensure all providers received required fingerprint background checks before the October 1, 2019, deadline.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

These issues were reported as a finding in prior audits. The finding numbers were: 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024.

Cause of Condition

Licensed provider inspections– monitoring visits

The Department did not start conducting visits until September of 2019 because of the August 1, 2019 effective date of new regulations and an extensive system update of the WA Compass system. The system update was needed because of changes to state rules.

Licensed provider inspections – noncompliance follow-up

The Department did not follow-up on the health and safety violations identified on the Inspection Report in a timely manner for the following reasons:

- Transition to the new licensing standards that became effective August 1, 2019. These new standards included a new set of risk levels for each regulation and a corresponding set of new policies and procedures to address the specific requirements for re-checking each risk level.
- Licensing staff were not sufficiently trained on policies and procedures related to the new standards, checklist, and IT system, and did not have the field experience needed to accurately complete their work
- Turnover of licensing staff
- Some providers refused the licenser access or were not available for re-check within the required recheck time period.

Non-relative FFN providers – technical visits and ongoing annual training

The Department planned to start the technical visits and ongoing annual training in April 2020 until the COVID-19 pandemic limited in-person contact. At that point, this plan was suspended through the remainder of fiscal year 2020.

Non-relative FFN providers – initial health and safety training

The Department could not provide information needed to perform the audit due to system reporting limitations between its WA Compass and Barcode systems.

Non-relative FFN providers – provider health and safety agreement

The Department decided to add technical assistance phone calls with the providers to support their understanding of the health and safety requirements. Upon completion of the technical assistance calls the provider was electronically sent the parent provider agreement to discuss the health and safety topics with the parent. Many providers expressed difficulty with signing an electronic copy of the agreement. As a result, the Department stopped requiring a signed agreement and accepted an email confirmation from the provider indicating they reviewed the agreement with the parent.

FFN providers – background checks

The new background check and fingerprint processes often take more than 30 days to complete, causing hardship for applicants. To lessen the burden for those needing child care services, the Department decided that when a license exempt FFN provider clears a background check or fingerprint check, the Department would backdate the start date of the payment approval for those requests received within 10 days of the parent's specified provider request date. The Department discontinued this practice in March 2020.

Effect of Condition

Licensed provider inspections – monitoring visits

From July 1, 2019, to February 29, 2020, when the COVID-19 waiver was granted to the Department, 4,934 licensed providers required a monitoring visit. We found that 1,788 (36 percent) had received a monitoring visit during that period. For the remaining four months of the fiscal year, 3,146 (64 percent) monitoring visits were yet to be completed. The Department states its Licensing Division held meetings to plan completion of required visits, but the meeting outcomes were not documented. In our judgment, it is reasonable to conclude that the Department was at substantial risk of material noncompliance with the monitoring visit requirement by the end of state fiscal year 2020.

By not completing monitoring visits in a timely manner, the Department does not have assurance that providers are meeting health and safety requirements. Further, not following up on noncompliance violations in a timely manner can put children in jeopardy for harm, neglect, and unhealthy emotional and cognitive development environments.

Licensed provider inspections – noncompliance follow-up

From the monitoring visits completed in fiscal year 2020, we used a statistically valid sampling method to randomly select and examine records for 58 licensed providers that received a monitoring visit during fiscal year 2020 to determine if noncompliance violations were followed up in a timely manner. We found nine instances (16 percent) lacking sufficient documentation to show adequate follow-up was performed or performed in a timely manner for violations of health, safety or well-being of children.

Non-relative FFN providers – technical visits and ongoing annual training

The Department did not conduct any technical visits or complete any ongoing annual training during the audit period.

By not conducting these visits and providing training, providers are less likely to understand and comply with safety and health requirements.

Non-relative FFN providers – initial health and safety training

Because the Department could not provide a non-relative FFN population for us to test this requirement, we could not conclude on the compliance.

Non-relative FFN providers – provider health and safety agreement

A state rule (WAC 110-16-0030) requires the Parent and FFN Provider Health and Safety Agreement to be signed by the provider and parent(s) and to verify that the parent(s) and provider discussed and reviewed all of the topics and subject matter items contained in the agreement. During the audit period, the Department decided to accept emails in lieu of signatures for this agreement.

FFN providers – background checks

We used a statistically valid sampling method to randomly select and examine 59 FFN providers to determine whether the Department performed required background checks. We found 13 (22 percent) providers did not have fingerprint background checks completed in accordance with requirements. Specifically, we found:

- One provider was disqualified from providing child care but had previously been approved by the Department and a prior criminal background inquiry was on file.
- Six providers had not passed a fingerprint check by October 1, 2019.
- Six providers received payments before completing and passing a background check because the Department was backdating payments to the date of application once background checks cleared.

Grant funds may not be used to pay providers before they complete and pass required background checks. For the six instances we identified, the providers were paid \$8,760 with federal funds. Because a statistical sampling method was used to select the providers examined, we estimate the amount of likely federal improper payments to be \$613,487.

When provider background checks are not performed in a timely manner, it increases the risk that children are left in the supervision of an unqualified individual.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3).

Recommendations

We recommend the Department:

- Ensure management follows established policies and procedures to ensure compliance requirements are met
- Ensure staff are properly trained
- Ensure staff sufficiently document the results of follow-up visits when serious violations are identified
- Obtain a waiver from the grantor if management wants to deviate from the approved state plan
- Ensure systems used to conduct and monitor completion of visits, training and background checks have the capability to generate data needed to verify compliance with federal requirements
- Ensure background checks are conducted before allowing services to be provided
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Department's Response

The Department is strongly committed to ensuring the health, safety, and well-being of all children in care. As to the Auditor's specific findings, the Department offers the following detail:

Licensed provider inspections – monitoring visits

The Department disagrees that there was not a plan to comply with the requirement to conduct an annual visit for all providers.

Regular meetings occur to discuss and monitor compliance with annual visits, including individual monthly meetings between supervisors and licensing staff, unit meetings, and leadership meetings. WA Compass reports allow for the ability to track the progress of annual visits. As the need arises, licensors are moved from one area of the state to another to help in offices that may be experiencing lack of staffing resources. Status and workload of other licensing duties such as applications and complaints are considered and monitor visits shared across offices and regions as needed to help adjust caseloads so that annual visits can be completed as required. Due to the pandemic and the Washington State Governor's Stay Home, Stay Healthy Order, the department was unable to send licensing staff to assist other offices with work as stated above.

Licensed provider inspections – noncompliance follow-up

The Department concurs with the SAO finding that the health and safety violations identified during the audit were not followed up on in a timely manner. The Department transitioned to new licensing standards effective August 1, 2019 that created three different risk levels for corresponding violations which require follow-up along specific timelines or no follow up at all depending on the level of risk associated with the violation. System enhancements were made in WA Compass and changes continue to be made to track when follow up health and safety visit are required, but the reports have not been finalized.

These risk levels added to Department policies and procedures and the transition to the new methodology and licensing approach required new and ongoing training for licensing staff and providers. In addition, some providers refused the licensor access or were not available for re-check within the required recheck time-period.

Non-relative FFN providers – technical visits and ongoing annual training

The Department concurs with the SAO finding that the in-person technical assistance visits and ongoing annual training were not completed during the period of July 1, 2019 through June 30, 2020. During this time, DCYF worked with Office of Child Care Region X, who provided technical assistance to support compliance with monitoring and inspection requirements, with the understanding that determination of compliance would occur during Region X's onsite monitoring, Summer 2021. Implementation and completion of the visits was then subsequently paused due to the Washington State Governor's directive to implement the Stay Home, Stay

Healthy Order, effective February 29, 2020. The Department requested and received from Region X approval for a temporary waiver, effective the same date, of the monitoring and inspection requirement. As a result, the implementation of in-person visits was suspended.

The exact topic area for the annual training requirement for non-relative providers is based on the results of the technical assistance in-person visit. Since the visits could not be implemented during this audit period, the ongoing annual training needs could not be identified.

The Department started virtual visits with non-relative providers as an alternative to in person visits effective February 1, 2021. The virtual visits have provided the department the ability to observe the provider implementing the health and safety requirements in the child's environment. This is done utilizing the checklist that was designed for the in-person visits. These virtual visits will continue to be conducted until it is deemed safe for the in person visits to begin.

Non-relative FFN providers – initial health and safety training

The Department concurs with the SAO finding that the information regarding compliance with health and safety training could not be provided due to system limitations. The Department offered to provide this information in an alternative format which was declined due to timing limitations of the audit.

Since October 2018, the Department has monitored all FFN providers for compliance of all health and safety requirements. Each License Exempt Specialist is assigned a provider caseload that is regularly monitored for compliance. When a new non-relative provider is approved they are sent an email detailing all training requirements. The specialist also begins to track the individual non-relative's training compliance. If the provider has not completed the health and safety training within 45 days of approval, a reminder email is sent to the provider. The specialist continues to track compliance and if the provider does not complete the training within 90 days of approval a notice is sent to the subsidy team to discontinue authorization of the provider.

Completion date of the health and safety trainings is reflected in the provider's account.

Non-relative FFN providers – provider health and safety agreement

The Department concurs the state plan and a state rule (WAC 110-16-0030) require non-relative FFN providers sign a health and safety agreement. The Department found that non-relative providers had difficulty returning a signed copy of the parent/provider health and safety agreement. As an alternative, the Department allowed providers to submit an email in lieu of the signature.

Early on it became apparent that the non-relative providers needed added support to understand how to implement the new health and safety requirements. As a result, the Department decided to add technical assistance phone calls with the non-relative providers to discuss their understanding of the requirements. This support was divided into two separate technical assistance calls. The

first call focused on the child and the second call focused on the environment. At the completion of the second call the provider was then electronically sent the parent/provider health and safety agreement to discuss the health and safety topics with the parent. Many providers expressed difficulty with signing an electronic copy of the agreement. As an alternative, the Department added the option of accepting an email confirmation from the provider indicating they reviewed the agreement with the parent.

Compliance with this requirement is documented in the provider's account either by uploading the signed document to the account or by adding a provider case note with the uploaded email added to the account.

FFN Providers - Background Checks

While this is a repeat finding, the Department received the FY19 finding from the State Auditor's Office during February 2020, eight months after FY20 ended. Therefore, the Department was unable to revise its backdating process prior to the 2020 fiscal year.

The Department concurs that the license exempt team would request FFN provider's payment start date be backdated in some instances. This included when a significant delay occurred in processing a provider's Portable Background Check (PBC), and only when providers PBC results were returned as approved. The Department maintains that at no time was payment approved for any provider that was disqualified or whose household member was disqualified (if care was provided in the provider's home).

As of October 1, 2018, the Department's License Exempt Services began overseeing the approval of FFN providers. This included:

- Processing applications for new FFN providers including submission of a full PBC.*
- Updating existing FFN provider accounts who were providing care prior to October 1, 2018. These providers had until September 30, 2019 to come into compliance with new PBC requirements.*

In addition, the Department's License Exempt Services team had limited staff (12) who worked with the over 5000 provider accounts to;

- Assist individuals in becoming a provider; and*
- Updating provider accounts to allow existing providers to submit a PBC.*

Given the Department's limited staffing resources and high volume of providers, assistance to providers was often delayed resulting in the provider or potential provider not beginning the PBC process in a timely manner. To complicate this delay, the PBC process was often taking up to one month to complete.

The issues described above characterized the PBC process during a period of transition that brought the Department into further compliance with CCDF Reauthorization federal rule changes requiring a much more robust, time consuming, background check than had been in place prior. Backdating helped prevent a loss of provider capacity that could have significantly impacted family access to care during this transition. With the transition complete, the Department ceased the backdating practice on March 1, 2020.

Auditor's Remarks

As described in the Effect section of the finding, the Department did not provide documentation to demonstrate it had a plan to conduct the required annual licensing visits for all providers.

We reaffirm our finding and appreciate the Department's commitment to resolving the matters described above and will follow-up on its corrective actions in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

(a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and

(b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the

Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through

entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

45 U.S. Code of Federal Regulations (CFR) part 98.41 Health and safety requirements, states in part:

(a) Each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect the health and safety of children. Such requirements, which are subject to monitoring pursuant to § 98.42, shall:

(1) Include health and safety topics consisting of, at a minimum:

(i) The prevention and control of infectious diseases (including immunizations); with respect to immunizations, the following provisions apply:

(A) As part of their health and safety provisions in this area, Lead Agencies shall assure that children receiving services under the CCDF are age-appropriately immunized. Those health and safety provisions shall incorporate (by reference or otherwise) the latest recommendation for childhood immunizations of the respective State, territorial, or tribal public health agency.

(B) Notwithstanding this paragraph (a)(1)(i), Lead Agencies may exempt:

(1) Children who are cared for by relatives (defined as grandparents, great grandparents, siblings (if living in a separate residence), aunts, and uncles), provided there are no other unrelated children who are cared for in the same setting.

(2) Children who receive care in their own homes, provided there are no other unrelated children who are cared for in the home.

(3) Children whose parents object to immunization on religious grounds.

(4) Children whose medical condition contraindicates immunization.

(C) Lead Agencies shall establish a grace period that allows children experiencing homelessness and children in foster care to receive services under this part while providing their families (including foster families) a reasonable time to take any necessary action to comply with immunization and other health and safety requirements.

(1) The length of such grace period shall be established in consultation with the State, Territorial or Tribal health agency.

(2) Any payment for such child during the grace period shall not be considered an error or improper payment under subpart K of this part.

(3) The Lead Agency may also, at its option, establish grace periods for other children who are not experiencing homelessness or in foster care.

(4) Lead Agencies must coordinate with licensing agencies and other relevant State, Territorial, Tribal, and local agencies to provide referrals and support to help families of children receiving services during a grace period comply with immunization and other health and safety requirements;

(ii) Prevention of sudden infant death syndrome and use of safe sleeping practices;

(iii) Administration of medication, consistent with standards for parental consent;

(iv) Prevention and response to emergencies due to food and allergic reactions;

(v) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;

(vi) Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment;

(vii) Emergency preparedness and response planning for emergencies resulting from a natural disaster, or a man-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195a(a)(1)) that shall include procedures for evacuation, relocation, shelter-in-place and lock down, staff and volunteer emergency preparedness training and practice drills, communication and reunification with families, continuity of operations, and accommodation of infants

and toddlers, children with disabilities, and children with chronic medical conditions;

(viii) Handling and storage of hazardous materials and the appropriate disposal of biocontaminants;

(ix) Appropriate precautions in transporting children, if applicable;

(x) Pediatric first aid and cardiopulmonary resuscitation; (xi) Recognition and reporting of child abuse and neglect, in accordance with the requirement in paragraph (e) of this section; and

(xii) May include requirements relating to:

(A) Nutrition (including age-appropriate feeding); (B) Access to physical activity;

(C) Caring for children with special needs; or

(D) Any other subject area determined by the Lead Agency to be necessary to promote child development or to protect children's health and safety.

(2) Include minimum health and safety training on the topics above, as described in § 98.44.

(b) Lead Agencies may not set health and safety standards and requirements other than those required in paragraph (a) of this section that are inconsistent with the parental choice safeguards in § 98.30(f).

(c) The requirements in paragraph (a) of this section shall apply to all providers of child care services for which assistance is provided under this part, within the area served by the Lead Agency, except the relatives specified at §98.42(c).

(d) Lead Agencies shall describe in the Plan standards for child care services for which assistance is provided under this part, appropriate to strengthening the adult and child relationship in the type of child care setting involved, to provide for the safety and developmental needs of the children served, that address:

(1) Group size limits for specific age populations;(2) The appropriate ratio between the number of children and the number of caregivers, in terms of age of children in child care; and

(3) Required qualifications for caregivers in child care settings as described at § 98.44(a)(4).

(e) Lead Agencies shall certify that caregivers, teachers, and directors of child care providers within the State or service area will comply with the State's, Territory's, or Tribe's child abuse reporting requirements as required by section 106(b)(2)(B)(i) of the Child Abuse and Prevention and Treatment Act (42 U.S.C. 5106a(b)(2)(B)(i)) or other child abuse reporting procedures and laws in the service area.

CCDF State Plan for Federal Fiscal Year 2019-2021, states, in part:

5.2 Health and Safety Standards and Requirements for CCDF Providers

5.2.2 Health and safety standards for CCDF providers

a) 1. The parent and provider must complete, sign and return to DCYF an in-home Health and Safety agreement.

5.2.3 Health and safety training for CCDF providers on required topics

a) 3. In-home care:

Non-relative FFN providers must complete pediatric CPR/First Aid training (4-6 hours), and training on all other health and safety topics (2-4 hours), within 90 days of their authorization begin date.

5.2.4 Provide the minimum number of annual training hours on health and safety topics for caregivers, teachers, and directors required for the following.

c) In-home care:

Nonrelative FFN providers receive ongoing health and safety training as part of their annual health and safety visit. The ongoing training is based on health and safety topics that the provider requests more information on and areas of need as determined by the annual visit, and typically will be 2-4 hours per year.

5.3 Monitoring and Enforcement Policies and Practices for CCDF Providers

5.3.3 Inspections for license-exempt CCDF providers

c) Nonrelative FFN providers are required to receive announced monitoring annually on all health and safety and fire safety topics described in plan.

WAC 110-06-0046 Requirements for license-exempt in-home/relative providers, states, in part:

(1) The background check process must be completed for:

(a) All license-exempt in-home/relative providers who apply to care for a WCCC consumer's child; and

(b) Any individual sixteen years of age or older who is residing with a license-exempt in-home/relative provider when the provider cares for the child in the provider's own home where the child does not reside.

(2) Additional background checks must be completed for individuals listed in subsection (1)(a) and (b) of this section when an individual sixteen years of age or older is newly residing with a license-exempt in-home/relative provider when the provider cares for the child in the provider's own home where the child does not reside.

(3) The background check process for license-exempt in-home/relative providers requires:

(a) Submitting a completed background check application; and

(b) Completing the required fingerprint process.

(4) Each subject individual completing the DCYF background check process must disclose:

- (a) Whether he or she has been convicted of any crime;
- (b) Whether he or she has any pending criminal charges; and
- (c) Whether he or she has been subject to any negative actions, as defined by WAC 110-06-0020.

(5) A subject individual must not have unsupervised access to children in care unless he or she has obtained DCYF background check clearance authorization under this chapter.

(6) A subject individual who has been disqualified by DCYF must not be present on the premises when early learning services are provided to children.

WAC 110-16-0025 Health and safety training, states:

(1) A provider not related to the child, as described in WAC 110-16-0015 (3)(c) must complete the following training within ninety calendar days of the subsidy payment begin date:

(a) Infant, child, and adult first aid and cardiopulmonary resuscitation (CPR):

(i) This training must be taken in person and the provider must demonstrate learned skills to the instructor.

(ii) The instructor must be certified by the American Red Cross, American Heart Association, American Safety and Health Institute, or other nationally recognized certification program.

(b) Prevention of sudden infant death syndrome and safe sleep practices when caring for infants; and

(c) Department-approved health and safety training which includes the following topic areas:

(i) Prevention and control of infectious diseases;

(ii) Administration of medication;

- (iii) Prevention of, and response to, emergencies due to food and allergic reactions;
- (iv) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;
- (v) Prevention of shaken baby syndrome, abuse head trauma, and child maltreatment;
- (vi) Emergency preparedness and response planning for natural disaster and human-caused events;
- (vii) Handling and storage of hazardous materials and the appropriate disposal of bio contaminants;
- (viii) Appropriate precautions in transporting children;
- (ix) Recognition and reporting of child abuse and neglect, including the prevention of child abuse and neglect as defined in RCW 26.44.020 and mandatory reporting requirements under RCW 26.44.030; and
- (x) Other topic areas as determined by the department.

(2) A provider not related to the child, as described in WAC 110-16-0015

(3)(c) can meet the health and safety training in subsection (1)(c) of this section if the department verifies that the provider has completed any of the following either prior to or within ninety calendar days of the subsidy payment begin date:

- (a) Child care basics, a department-approved thirty-hour health and safety training.
- (b) Washington state early childhood education initial certificate (twelve credits) that includes early childhood education and development 105 health, safety, and nutrition.

(3) A provider not related to the child, as described in WAC 110-16-0015

(3)(c), who, on October 1, 2018, has an existing WCCC subsidy authorization with an end date on or before December 30, 2018, does not need to complete the training required under subsections (1) or (2) of this section. If the provider is reauthorized for payment beginning January 1, 2019, or later, the provider must complete the training required under

subsections (1) and (2) of this section unless exempt from training under subsection (2)(b) of this section.

(4) A provider not related to the child, as described in WAC 110-16-0015 (3)(c), must annually renew portions of the training required in subsection (1)(c) of this section, as determined by state or federal requirements.

WAC 110-16-0030 Health and safety activities, states:

(1) Providers not related to the child as described in WAC 110-16-0015 (4)(c), must comply with the following health and safety activity requirements:

(a) Complete the Parent and FFN Provider Health and Safety Agreement; and

(b) Participate in an annual, scheduled visit in the child's home. If necessary, as determined by the department, follow-up visits may occur on a more frequent basis.

(2) The Parent and FFN Provider Health and Safety Agreement must:

(a) Be signed by the provider and parent(s) and verify that the parent(s) and provider discussed and reviewed all of the topics and subject matter items contained in the agreement. The subject matter items include, but are not limited to: Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment; emergency contacts; fire and emergency prevention; knowledge and treatment of children's illnesses and allergies; developmental and special needs; medication administration; safe transportation; child immunizations; and safe evacuation; and

(b) Be received by the department within forty-five days of completion of the training requirements in WAC 110-16-0025 (2)(a) or verification of the training exemption in WAC 110-16-0025 (2)(b).

(3) The purpose of the annual, scheduled visit in the child's home is to:

(a) Provide technical assistance to the provider regarding the health and safety requirements described in this chapter;

(b) Observe the provider's interactions with the child, and discuss health and safety practices;

(c) Provide written information and local resources about child development to include the major domains of cognitive, social, emotional, physical development, and approaches to learning; and

(d) Provide regional contact information for FFN child care services and resources.

(4) If the department is not able to successfully complete a scheduled visit with the provider in the child's home after three attempts, the provider will be deemed not in compliance with the requirements of this chapter.

(5) At the annual, scheduled visit, the provider must show:

(a) Proof of identity;

(b) Proof of current certification for first aid and cardiopulmonary resuscitation (CPR) in the form of a card, certificate, or instructor letter;

(c) Proof of vaccination against or acquired immunity for vaccine-preventable diseases for all children in care, if the provider's children are on-site at any time with the eligible children. Proof can include:

(i) A current and complete department of health certificate of immunization status (CIS) or certificate of exemption (COE) or other department of health approved form; or

(ii) A current immunization record from the Washington state immunization information system (WA IIS).

(d) Written permission from the parent to:

(i) Allow children to use a swimming pool;

(ii) Administer medication for treatment of illnesses and allergies of the children in care;

(iii) Provide for and accommodate developmental and special needs; and

(iv) Provide transportation for care, activities, and school when applicable.

(e) The written home evacuation plan required in WAC 110-16-0035 (4)(c).

Policy 10.1.8 Conducting Child Care Monitoring Visits, states, in part:

1. DCYF Must Monitor Early Learning Program Not Less Than Annually Per Federal Requirements Except When A Program Is On Inactive Status Monitoring visits must occur at least once every fiscal year. Staff may do a monitoring visit at any time during the year...
2. Annual Monitoring Visit Due Dates Follow DCYF's Fiscal Year

Procedure 10.1.21 Managing Child Care Inspection Reports, states, in part:

Licensors determine if health and safety recheck is required. If an issue of non-compliance is corrected during the licensing visit, a compliance verification for that specific WAC is not required.

- Immediate Concerns must verify compliance on site as soon as possible but no later than 10 business days from date of non-compliance. Discuss recheck schedule with Supervisor.
- Short Term Concerns must verify compliance within 15 business days from date of non-compliance.
- Long Term Concerns do not require a licensor recheck.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-043 The Department of Social and Health Services did not have adequate internal controls over assessing the level of potential fraud risk for the Child Care and Development Fund program.

CFDA Number and Title:	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.596 – COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	G1801WACCDF, G1901WACCDF, 2003WACCDF, 2003WACCC3
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions: Fraud Detection and Repayment
Questioned Cost Amount:	None

Background

The federal Child Care and Development Fund (CCDF) grant helps eligible working families pay for child care. In fiscal year 2020, Washington child care providers were paid about \$150 million in federal grant funds. Although the Department of Children, Youth and Families (DCYF) is the lead agency for the CCDF program, the Department of Social and Health Services' (Department) Office of Fraud and Accountability (OFA) has the statutory authority to conduct investigations related to allegations of fraud in the CCDF program. State law requires DCYF to refer suspected incidents of child care subsidy fraud to OFA for appropriate investigation and action.

Both DCYF and the Department accept reports of suspected fraud online, by mail, phone or fax. Staff from either agency can report suspected fraud through internal systems or to a hotline.

When the Department receives a report of suspected fraud in a program it oversees, it runs the report through an automated process in its Barcode system to assess the level of potential fraud risk. The process considers which programs the client is receiving benefits from, the total benefits

(dollars) being received by the client, whether the client has come up on prior reports and the client's overpayment history. These factors are all assigned point values that vary based on the client's particular case. These point values are summed and, based on this total, the suspected fraud is rated from 1 to 5, with 1 being the highest risk level. Once it's received by OFA, it is assigned to an investigator for review.

OFA supervisors attempt to assign all reports rated as 1 or 2 and then work their way down to lower-rated reports. The OFA Director issued a directive to managers that all Fraud Early Detection (FRED) reports rated as 1 or 2 should be assigned with 90 days of the case being referred. OFA management explained that some reports are not assigned to investigators because of workload capacity. No matter what priority level is assessed, if a FRED report is not assigned to an investigator within 90 days, it is "aged out" and sent back to Department program staff. Program staff review the original reported information and decide whether to send the case back through the automated process to be reassessed or dismiss the fraud report.

In fiscal year 2020, OFA received 2,156 child care fraud reports. Of those, 344 reports aged out of the system.

If an OFA Intentional Overpayment Investigation (IOI) concludes that potential fraud occurred, the results are sent to a local prosecuting attorney's office or United States attorney's office. If a court responds with the legal determination of fraud, the case is forwarded to the Department's Office of Financial Recovery to seek repayment from the client.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over assessing the level of potential fraud risk for the CCDF program.

During our review of CCDF fraud cases, we found the Department did not run all fraud referrals through the Barcode system. Phone calls that came into the hotline were entered into Fraud Case Management System (FCMS) first and given a prioritization number by the intake worker who took the call. We found that all fraud referrals received by phone call were entered into the Fraud Case Management System (FCMS) without being processed through the Barcode scoring algorithm.

OFA staff discovered during July 2019 that the Barcode prioritization number was not replacing the prioritization number OFA staff had entered originally. Because Barcode did not overwrite FCMS prioritization numbers, the level of potential fraud risk for all such referrals was not assessed in accordance with the Director's directive.

We consider this internal control deficiency to be a material weakness.

The issue was not reported as a finding in the prior audit.

Cause of Condition

Barcode priority numbers were not overwriting FCMS initial priority numbers.

Effect of Condition

By not processing all fraud referrals for priority, the Department is at a higher risk of not identifying high priority cases when they are initially referred to the Department.

Recommendations

We recommend the Department:

- Follow its own policy and ensure that all referred fraud cases are properly assessed
- Work with Barcode and FCMS staff to ensure the electronic process is corrected

Department's Response

The Department partially concurs with the finding.

We agree there was a technology issue between FCMS and Barcode. We disagree with the Auditor's description of the condition. All fraud referrals, with the exception of vendor referrals, are processed through Barcode. Each phone call to the hotline was entered into FCMS first and given a prioritization number by the intake worker who took the call. The referral then went through the Barcode scoring algorithm and received a second prioritization number, but this score did not overwrite the existing FCMS score. This resulted in two different priority numbers for hotline calls between FCMS and Barcode. The Barcode number was stored in backend tables and was not accessible to all OFA staff.

The Office of Fraud and Accountability discovered this anomaly in July 2019. The issue was researched and monitored, and then the Department instituted corrective action measures on October 28, 2019. All FRED referrals are entered through Barcode to ensure proper prioritization of all referrals. No high-priority referrals aged out after October 28, 2019.

The Office of Fraud and Accountability is building a new case management system. This anomaly will be addressed and corrected during the build of the new system.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow-up with the Department during the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Directive / Prioritizing FRED Cases – dated January 31, 2018, states in part:

As is current practice, all Regional Managers are directed to assign FRED cases using the prioritization scoring system. Cases should be assigned based on priority level starting with Priority level 1 cases and working down to priority level 5 as workloads permit.

A manager's focus should be on getting all the priority 1 and 2 cases assigned within 90 days of the referral from CSD based on available staffing in each region. After priority level 1 and 2 cases are assigned, the balance of the priority levels should be assigned based on the scoring, geography of the region and worker availability.

This has been the practice of OFA since the FREDS were given scores but a recent state audit recommended it become written policy.

2020-044

The Department of Children, Youth, and Families did not have adequate internal controls over some Public Assistance Cost Allocation Plan requirements.

CFDA Number and Title:	93.658 Foster Care Title IV-E 93.658 COVID-19 - Foster Care Title IV-E 93.659 Adoption Assistance 93.778 Medical Assistance Program 93.778 COVID-19 - Medical Assistance Program
Federal Grantor Name:	Administration for Children & Families
Federal Award/Contract Number:	1902WAFOST; 2002WAFOST; 1902WAADPT; 2002WAADPT; 1905WA5MAP; 1905WA5ADM
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed, Allowable Costs / Cost Principles
Questioned Cost Amount:	None

Background

The Department of Children, Youth, and Families (Department) uses the Random Moment Time Study (RMTS) to allocate costs for its headquarters and regional operations to the proper state and federal funds programs.

Department staff generally work on multiple programs and cases throughout a workday, which makes maintaining a timesheet difficult and time consuming. RMTS simplifies how the Department allocates the cost of time and effort to state and federal programs. RMTS is a sampling tool that is used to generate statistically valid statewide estimates of various activities performed by Department employees. The Department uses a system called FamLink to allow staff to work on client cases, document information, generate samples and compile RMTS results.

The Department's use of RMTS is included in its Public Assistance Cost Allocation Plan (PACAP) with the federal grantor. The PACAP is approved annually and outlines the general operating policies and procedures that RMTS staff must follow.

For the RMTS to properly calculate the percentages of activities performed by the Department, it must start by identifying a sampling universe that is accurate and complete. The sampling universe

lists the eligible worker types to be included and is updated monthly to ensure all eligible workers are included in the sample. RMTS Coordinators and RMTS Headquarters (HQ) are responsible for keeping the list of sample workers current. Sampled workers are responsible for the accurate and timely completion of the RMTS sample and must complete samples within three business days. RMTS HQ performs a quality control review of all completed samples to ensure samples are being completed correctly. At the end of the month, the Department compiles the samples and enters results into the cost allocation system.

During fiscal year 2020, the Department used RMTS to allocate about \$127.4 million to the following federal programs: Foster Care-Title IV-E, Adoption Assistance, and Medical Assistance Program.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit we reported the Department did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan Requirements. The prior finding number was 2019-044.

Description of Condition

The Department did not have adequate internal controls over some Public Assistance Cost Allocation Plan requirements.

We randomly selected five out of the 12 monthly employee updates to determine whether the sampling universe was complete.

RMTS Headquarters

The Program Manager is responsible for creating monthly employee reports that show current staff that are in the sampling population and a report of employees who may be RMTS eligible. The Program Manager forwards these reports to the RMTS Coordinators asking for updates of employees on each report. Once the program manager receives the RMTS Coordinators responses, the Program Manager updates FamLink to ensure the sampling universe is complete.

We found all five months the Program Manager created the employee reports and commutated them to the RMTS Coordinators. We also found that the Program Manager updates FamLink with responses from RMTS Coordinators.

RMTS Coordinators

RMTS Coordinators receive reports from the Program Manager asking for updates on employees in the reports. RMTS Coordinators review and send updates to the Program Manager, so updates can be made in FamLink to ensure the sampling universe is complete.

For the five months we reviewed, not all RMTS coordinators sent updates to the Program Manager regarding employee changes. Because the RMTS coordinators did not send updates, the sampling universe was not complete.

The Department had procedures in place, but they were ineffective in ensuring compliance with the PACAP. We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department did not monitor RMTS coordinators to ensure that coordinators reviewed and sent updates to the Program Manager.

Effect of Condition

The Department's inadequate internal controls affected the integrity of its RMTS sample universe. An erroneous sample could cause the costs charged by the Department for its headquarters and regional operations to federally funded programs to be unallowable according to the PACAP. If the Department charged unallowable or unsupported costs to federal programs, the grantors could seek repayment for those costs.

Recommendations

We recommend the Department establish a process, including monitoring, to ensure RMTS sampling populations are complete.

Department's Response

The Department of Children, Youth, and Families appreciates, acknowledges, and supports the State Auditor's Office's (SAO) mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develops strategies to make government more efficient and effective.

*The Department **does not** concur with the Effect of the Condition or the overall finding. This audit finding is based on the determination that the Department does not have an accurate and complete sampling universe. There is not a deficiency with the integrity of the RMTS resulting in unallowable costs allocated to federal programs.*

The Department maintains that we are in compliance with the most current federally approved Public Assistance Cost Allocation Plan, (PACAP) which includes the RMTS instructions. The audit scope expanded beyond the approved process within the RMTS instructions.

To provide some additional background, there is a high turnover rate of staff within the cost pools. That coupled with system limitations regarding departing workers associated to active cases prevents the immediate removal of staff from previously sent RMTS samples and responses. To

address this systemic issue; faced by most states, the Department performs a 100% review of the RMTS sample responses to ensure the accuracy of responses and any staff changes within the cost pools are updated. If a sample is received by a social worker that no longer holds the position, the sample is coded based on the most currently approved RMTS codes. Further, the Department oversamples cost pools to ensure statistical validity is met while considering staffing changes. The Department's error rate is less than +/- 1%, far below the required +/- 5% for Title IV-E.

Further, communication with the Regional Coordinators occurs regularly and cost pools are updated within the parameters identified within the RMTS instructions. For these reasons, the Department maintains the position that we are in compliance with federal regulations and the most current approved PACAP.

Auditor's Remarks

The Department's cost allocation procedures must meet acceptable statistical sampling standards including:

“(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.”

Our audit scope included all relevant requirements under the Uniform Guidance, in addition to the provisions of the Department's approved PACAP and associated RMTS instructions.

The PACAP states RMTS Headquarters Staff and RMTS Coordinators will keep the list of sampled workers current. Our testing showed that the Department did not have adequate controls to ensure that the sample worker population is current before sample selections are made. The Department did not have documentation evidencing its practices met statistical sampling standards.

We reaffirm our finding and will review the status of the Department's corrective action plan during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.430 Compensation-personal services, states in part:

- (5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment time sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.
 - (i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:
 - (A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on

sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to the time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

(2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that

there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Department of Children Youth and Families Public Assistance Cost Allocation Plan, RMTS Program Instructions, page 37, states in part:

Headquarters RMTS staff shall be responsible for the following actions:

Overseeing the system's monthly batching of new samples which includes three variables:

- Random Moment Starting Time
- Random Interval Time Random
- Employee List

The Headquarters RMTS Staff work with the RMTS Coordinators in order to keep the list of sampled workers current. Worker employment status changes should be reported by the social workers' supervisors to RMTS Coordinators. In addition, HQ Staff need to verify that each worker has an RMTS Worker Type associated with him or her and an RMTS Group linking the worker to his or her coordinator.

The Regional RMTS Coordinator shall be responsible for the following actions:

Notify HQ RMTS Staff of any updates to their worker list when there is any change in employment status of a worker participating in the RMTS survey within five working days of change. In addition, the coordinator needs to provide HQ RMTS Staff with an appropriate RMTS Worker Type code for each worker added to the system.

2020-045 The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants.

CFDA Number and Title:	93.659 Adoption Assistance
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	1902WAADPT, 2002WAADPT
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Matching
Questioned Cost Amount:	None

Background

The Adoption Assistance program (program) provides federal matching funds to states that provide ongoing subsidy and/or non-recurring payments to parents who adopt eligible children with special needs and enter into an adoption assistance agreement.

In Washington, the Department of Children, Youth, and Families (Department) administers the program to provide funding for parents who adopt eligible children with special needs. The program provides financial and medical benefits to qualified children. Adoptive parents can receive a monthly assistance payment from the Department to care for the children, in addition to expenses related to the initial placement of the child in the home such as court fees, payments for medical visits and transportation costs.

Federal financial participation in state expenditures for the program is provided at various rates, and the Department must match federal grant funds locally. The program provides for the use of the applicable Federal Medical Assistance Percentages (FMAP) rate for allowable program expenditures. The Department assigns specific expenditure coding that correlates to the applicable FMAPs for a particular type of expenditure.

To ensure that state matches are met, the Department uses the Cost Allocation System (CAS) to match every transaction with nonfederal funds. The Department assigns a specific cost objective code to each transaction. When matching rates change, the Department uses edit forms to update the matching rate in the cost objective. According to Department policy, the person who edits the form must not be the same as the preparer, approver or staff who input the edit form into CAS.

The edit form must be approved before being input into CAS to ensure that the Department claims only the federal percentage of state expenditures.

In fiscal year 2020, the Department spent about \$55 million in federal funding for the Adoption Assistance program and about \$50 million in state funds.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants.

The Department makes edits to CAS when changes to matching rates become necessary. There were 17 cost objectives used during fiscal year 2020. Of these, we judgmentally selected five cost objectives that made up 95 percent of federal grant expenditures to test.

We reviewed three edit forms that the Department used to update the five cost objectives and found:

- Two instances when there was no documented evidence to show that edit forms were reviewed and approved by a supervisor
- One instance when the person who entered the coding into the Department's accounting system was the same person who reviewed to ensure its accuracy. According to Department policy, these duties should be segregated.

We consider this internal control deficiency to be a material weakness, which may lead to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The Department said the edit forms were not properly approved and the duties were not always segregated because of limited staffing resources.

Effect of Condition

By not establishing adequate internal controls, the Department faces increased risk that it will not properly allocate costs to the federal government. Improper allocations could lead to improper payments, for which grantors could seek reimbursement from the Department.

Recommendations

We recommend the Department follow its established policy and:

- Ensure edit forms are reviewed by management
- Ensure duties are segregated, with different people preparing, reviewing, and entering the edit forms

Department's Response

The Department of Children, Youth, and Families appreciates, acknowledges, and supports the State Auditor's Office's (SAO) mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develops strategies to make government more efficient and effective.

The Department concurs with the overall finding of SAO and would like to acknowledge that the audit took place during the COVID-19 pandemic. In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, requiring teleworking, hiring freezes, and staff furloughs. The Cost Allocation and Grants Unit was under resourced due to vacancies and the hiring freeze.

The Department has been working on internal controls to ensure that all edit forms are reviewed and approved by management, which includes if the Cost Allocation Unit and Grants Manager is unavailable to approve edit forms, then the edit form will be approved by a lead worker, another manager including Washington Management Service positions, or department leadership. As a new agency, the Department is continuing to refine our policies and procedures and therefore, has implemented an edit form workflow to ensure that there is segregation of duties when edit forms are requested.

Auditor's Remarks

We appreciate the Department's commitment to resolving this matter. We will follow up with the Department in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

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Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (5) The circumstances concerning why the auditor’s report on compliance for each major program is other than an unmodified opinion, unless such circumstances are otherwise reported audit findings in the schedule of findings and questioned costs for Federal awards.
 - (6) Known or likely fraud affecting a Federal program award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards. This paragraph does not require the auditor to report publicly information which could compromise investigative or legal

proceedings or to make an additional reporting when the auditor confirms that the fraud was reported outside the auditor's report under the direct reporting requirements of GAGAS.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow

compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-046

The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children's Health Insurance Programs were properly screened, licensed, and enrolled.

CFDA Number and Title:	93.767 Children's Health Insurance Program 93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program 93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name:	Department of Health and Human Services
Federal Award Number:	1905WA5021; 2005WA5021; 1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions – Provider Eligibility (Screening and Enrollment)
Known Questioned Cost Amount:	None

Background

The Health Care Authority (Authority) administers both the Medicaid and the Children's Health Insurance Programs (CHIP). Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington's largest public assistance program and usually accounts for about one third of the State's federal expenditures. CHIP provides health coverage for more than 50,000 children in families with incomes too high to qualify for Medicaid. During fiscal year 2020, the Medicaid program spent over \$14.3 billion in federal and state funds and CHIP spent more than \$163 million in federal funds.

The Authority is responsible for ensuring medical providers are eligible to render services to recipients of both programs. Providers are to remain in good standing with eligibility requirements in order to continue receiving payments under the programs. Washington had over 105,000 active

providers during fiscal year 2020. During that time, the Authority paid nearly \$6.5 billion to providers for direct client services under both programs.

The Authority is responsible for performing measures appropriate for the provider type at application and initial enrollment. Additionally, in March 2011, a new federal regulation required state Medicaid agencies to revalidate the enrollment of all Medicaid providers at least every five years. In January 2016, the Centers for Medicare and Medicaid Services (CMS) issued guidance to states that requires the revalidation of all providers, enrolled on or before March 25, 2011, to be completed by September 25, 2016. After this deadline, all providers must be revalidated every five years from their initial enrollment date. Federal law also requires that in between revalidation periods, state Medicaid agencies are to confirm the identity and determine the exclusion status of providers, including any person with ownership, controlling interest, or acting as an agent or managing employee of the provider, no less frequently than monthly by performing checks of Federal databases.

The processes for provider enrollment and revalidation are very similar. The first step in enrolling or revalidating a provider is to determine the provider's screening risk level. A provider can be designated as one of three risk levels: limited, moderate, or high. Each risk level requires progressively greater scrutiny of the provider before it can be enrolled or revalidated. For providers enrolled with both Medicare and Medicaid, state Medicaid agencies must assign providers to the same or higher risk category applicable under Medicare. In addition, certain provider behaviors require a provider to be moved to a higher screening level. The following are the required screening procedures for all risk types:

- Verify that the provider meets applicable federal regulations or state requirements for the provider type before making an enrollment determination
- Conduct license verifications, including for licenses in states other than where the provider is enrolling
- Conduct database checks to ensure providers continue to meet the enrollment criteria for their provider type. Such database checks include the National Plan and Provider Enumeration System (NPPES), List of Excluded Individuals/Entities (LEIE), Excluded Parties List System (EPLS), and Death Master File index.

If a provider is assessed at a moderate or high risk, onsite visits are also required to be conducted for those not already conducted as part of their enrollment with Medicare. According to federal regulation, state Medicaid agencies must adjust the categorical risk level of a particular provider from limited or moderate to high when any of the following situations occurs:

- A Medicaid agency imposes a payment suspension on a provider based on credible allegation of fraud, waste, or abuse. The provider's risk level remains high for ten years after the date the payment suspension was issued.
- A provider that, upon applying for enrollment or revalidation, is found to have an existing state Medicaid plan overpayment.
- The provider has been excluded by the Office of Inspector General or another state's Medicaid program in the previous ten years.
- A Medicaid agency or CMS, in the previous six months, lifted a temporary moratorium for the particular provider type and a provider that was prevented from enrolling based on the moratorium applies for enrollment as a provider any time within six months from the date the moratorium was lifted.

Federal regulations require that a high-risk provider, or a person with a five percent or more direct or indirect ownership in the provider, is to receive a fingerprint-based criminal background check. The deadline to fully implement a fingerprint-based criminal background check process was July 1, 2018.

In response to the COVID-19 pandemic, the Authority obtained flexibilities under CMS approved blanket waivers effective March 1, 2020 through the end of the emergency declaration. These included the waiving of provider application fees, fingerprint-based criminal background checks, and site visits. It also allows for the postponement of all revalidation actions and for the expedited processing of any pending and new provider applications. Additionally, the Department of Health announced a temporary extension for professional licenses which are due for renewal between April 1 and September 30, 2020.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Authority did not have adequate internal controls over and did not comply with requirements to ensure providers were revalidated every five years and screening requirements were met. The prior finding numbers were 2019-048, 2018-042, 2017-033, and 2016-035.

Description of Condition

We found the Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children's Health Insurance Programs were properly screened, licensed, and enrolled.

In October 2018, the Authority partially implemented the Automated Provider Screening (APS) system, which was designed to automatically perform an integrated data match check against federal databases and licensing agencies for providers in the CHIP and Medicaid programs each month and at enrollment or revalidation. Prior to November 2019, when APS was fully implemented, the Authority had not established an adequate follow-up process to review the data match results and finalize the revalidation process.

When APS identifies an issue with a verification item, the providers' crosscheck information is flagged by the system and staff manually review the verification against the third-party source to determine the eligibility status of the provider prior to approving them for services. Though the Authority had performed monthly EPLS database checks, it did not have an adequate follow-up process prior to September 2019 to ensure a review of all data match results was performed.

We used a statistical sampling method and randomly selected and examined 59 out of a total of 105,585 providers which were active during the audit period to determine if the Authority had properly screened the provider based on their enrollment status and correctly determined their eligibility status. Fifty-three of these providers were enrolled prior to August of 2019 and we determined the Authority did not review the results of their applicable database checks for the months of July and August to ensure the provider was not excluded or otherwise ineligible.

The Authority implemented a risk level adjustment process for all situations except for overpayments in January 2019. A process to adjust risk levels for providers with overpayments was not implemented until October 2019. During this time, adequate internal controls were not in place to ensure that providers were accurately assessed the correct risk and were appropriately screened in accordance with that determination.

The Authority did not implement a fingerprint-based criminal background check process, as required by federal regulations. The Authority asserts the risk to the State is minor due to the small volume of newly enrolling providers who are required to be fingerprinted since the vast majority of these are enrolled with Medicare and CMS allows States to rely on their provider screening results. However, because the Authority did not have a process to ensure all providers were adjusted to high risk when necessary, the total level of noncompliance cannot be quantified.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Authority said that limited staff resources was the reason follow-up on the data match results was not completed and a fingerprint-based criminal background check process was not implemented. Additionally, due to the public health emergency, projects which were in process to rectify known compliance issues were halted due to waivers in effect and in an effort to redirect resources towards more urgent priorities.

Management did not ensure that the units responsible for ensuring provider risk levels were properly identified and assigned were aware of, and performed, their roles in the process.

Effect of Condition

By not conducting required licensing, screening, and enrollment processes in a timely manner, the Authority is at risk of not detecting or preventing ineligible providers from receiving federal Medicaid and CHIP funds. Payments to providers who are suspended or debarred would be unallowable, and the Authority could be required to repay the grantor for any such payments.

Recommendations

We recommend the Authority:

- Implement internal controls designed to bring it into material compliance with the provider revalidation process
- Establish adequate internal controls to ensure it completes required EPLS checks at least monthly.
- Ensure it properly adjusts each provider's screening risk level
- Implement a process to conduct fingerprint-based criminal background checks for high risk providers

Authority's Response

The Authority agrees that some aspects of the provider eligibility process were not fully implemented at the beginning of the audit period; however, as mentioned by the SAO, most of the required processes were either in place, or waived by the CMS COVID-19 pandemic waiver, for the majority of the audit period.

Auditor's Remarks

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (b) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose

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applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 42 U.S. Code of Federal Regulations section 455 Subpart E – Provider Screening and Enrollment, states in part:

Section 455.410 Enrollment and screening of providers

- (a) The State Medicaid agency must require all enrolled providers to be screened under to this subpart.
- (b) The State Medicaid agency must require all ordering or referring physicians or other professionals providing services under the State plan or under a waiver of the plan to be enrolled as participating providers.
- (c) The State Medicaid agency may rely on the results of the provider screening performed by any of the following:
 - (1) Medicare contractors.
 - (2) Medicaid agencies or Children's Health Insurance Programs of other States.

Section 455.412 Verification of provider licenses

The State Medicaid agency must -

- (a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any State is licensed by such State.
- (b) Confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

Section 455.414 Revalidation of enrollment

The State Medicaid agency must revalidate the enrollment of all providers regardless of provider type at least every 5 years.

Section 455.434 Criminal background checks

The State Medicaid agency -

- (a) As a condition of enrollment, must require providers to consent to criminal background checks including fingerprinting when required to

do so under State law or by the level of screening based on risk of fraud, waste or abuse as determined for that category of provider.

- (b) Must establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program.

- (1) Upon the State Medicaid agency determining that a provider, or a person with a 5 percent or more direct or indirect ownership interest in the provider, meets the State Medicaid agency's criteria hereunder for criminal background checks as a “high” risk to the Medicaid program, the State Medicaid agency will require that each such provider or person submit fingerprints.

- (2) The State Medicaid agency must require a provider, or any person with a 5 percent or more direct or indirect ownership interest in the provider, to submit a set of fingerprints, in a form and manner to be determined by the State Medicaid agency, within 30 days upon request from CMS or the State Medicaid agency.

Section 455.434 Criminal background checks.

The State Medicaid agency -

- (a) As a condition of enrollment, must require providers to consent to criminal background checks including fingerprinting when required to do so under State law or by the level of screening based on risk of fraud, waste or abuse as determined for that category of provider.

- (b) Must establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program.

- (1) Upon the State Medicaid agency determining that a provider, or a person with a 5 percent or more direct or indirect ownership interest in the provider, meets the State Medicaid agency's criteria hereunder for criminal background checks as a “high” risk to the Medicaid program, the State Medicaid agency will require that each such provider or person submit fingerprints.

- (2) The State Medicaid agency must require a provider, or any person with a 5 percent or more direct or indirect ownership interest in the provider, to submit a set of fingerprints, in a form and manner to be

determined by the State Medicaid agency, within 30 days upon request from CMS or the State Medicaid agency.

Section 455.436 Federal database checks

The State Medicaid agency must do all of the following:

- (a) Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.
- (b) Check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe.
- (c)
 - (1) Consult appropriate databases to confirm identity upon enrollment and reenrollment; and
 - (2) Check the LEIE and EPLS no less frequently than monthly.

Section 455.450 Screening levels for Medicaid providers.

A State Medicaid agency must screen all initial applications, including applications for a new practice location, and any applications received in response to a re-enrollment or revalidation of enrollment request based on a categorical risk level of “limited,” “moderate,” or “high.” If a provider could fit within more than one risk level described in this section, the highest level of screening is applicable.

- (a) Screening for providers designated as limited categorical risk. When the State Medicaid agency designates a provider as a limited categorical risk, the State Medicaid agency must do all of the following:
 - (1) Verify that a provider meets any applicable Federal regulations, or State requirements for the provider type prior to making an enrollment determination.
 - (2) Conduct license verifications, including State licensure verifications in States other than where the provider is enrolling, in accordance with § 455.412.

- (3) Conduct database checks on a pre- and post-enrollment basis to ensure that providers continue to meet the enrollment criteria for their provider type, in accordance with § 455.436.
- (b) Screening for providers designated as moderate categorical risk. When the State Medicaid agency designates a provider as a “moderate” categorical risk, a State Medicaid agency must do both of the following:
 - (1) Perform the “limited” screening requirements described in paragraph (a) of this section.
 - (2) Conduct on-site visits in accordance with § 455.432.
- (c) Screening for providers designated as high categorical risk. When the State Medicaid agency designates a provider as a “high” categorical risk, a State Medicaid agency must do both of the following:
 - (1) Perform the “limited” and “moderate” screening requirements described in paragraphs (a) and (b) of this section.
 - (2)
 - (i) Conduct a criminal background check; and
 - (ii) Require the submission of a set of fingerprints in accordance with § 455.434.
- (d) Denial or termination of enrollment. A provider, or any person with 5 percent or greater direct or indirect ownership in the provider, who is required by the State Medicaid agency or CMS to submit a set of fingerprints and fails to do so may have its -
 - (1) Application denied under § 455.434; or
 - (2) Enrollment terminated under § 455.416.
- (e) Adjustment of risk level. The State agency must adjust the categorical risk level from “limited” or “moderate” to “high” when any of the following occurs:
 - (1) The State Medicaid agency imposes a payment suspension on a provider based on credible allegation of fraud, waste or abuse, the provider has an existing Medicaid overpayment, or the provider has been excluded by the OIG or another State's Medicaid program within the previous 10 years.

- (2) The State Medicaid agency or CMS in the previous 6 months lifted a temporary moratorium for the particular provider type and a provider that was prevented from enrolling based on the moratorium applies for enrollment as a provider at any time within 6 months from the date the moratorium was lifted.

2020-047

The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid service verification process were investigated.

CFDA Number and Title:	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program 93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name:	Department of Health and Human Services
Federal Award Number:	1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions – Utilization Control and Program Integrity
Known Questioned Cost Amount:	None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and usually accounts for about one-third of the State’s federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

For states, such as Washington, that use an automated claims processing system (ProviderOne), federal regulations require a specific method to be in place to verify with Medicaid clients that they received services billed by providers. The intent is to improve program integrity and identify potential fraud and abuse in the Medicaid program.

The specific verification method involves sending individual written notices, within 45 days of payment, to all or a sample group of Medicaid clients whose claims were processed through ProviderOne. Medical, nursing home, and social service claims are subject to the Medicaid service

verification process and the samples are selected using software that is coded by a contractor. In fiscal year 2020, the Medicaid program spent over \$4.8 billion for these types of claims.

If the verification process identifies a report of potential Medicaid fraud, the Authority must conduct preliminary investigations to determine if sufficient evidence exists to warrant a full investigation. If the Authority identifies a credible suspicion of fraud or abuse, it must forward the information to the Attorney General's Office, Medicaid Fraud Control Unit, for investigation.

In state fiscal year 2020, the Authority mailed Medicaid medical and social service verification surveys to randomly selected clients every month. The clients were selected to receive the survey based on payments made through ProviderOne and were selected using programming code written and maintained by a vendor.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Authority did not have adequate internal controls over and did not comply with requirements to ensure reports of potential fraud obtained through the Medicaid service verification process were investigated. The prior finding number was 2019-052.

In the 2018 and 2017 audits, we also reported the Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid service verifications were performed for eligible nursing home claims. These findings were determined to be resolved during the 2019 audit.

Description of Condition

We found the Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid Service Verification process were investigated.

We used a non-statistical sampling method to randomly select and examine five of a total population of 12 monthly reports. Although the Authority established an adequate process to select medical claims processed through ProviderOne, it did not include nursing home claims in any of the five months reviewed. Nursing home claims account for about 8 percent of total fee-for-service claims paid through ProviderOne.

The Authority also did not establish an effective process to ensure it complied with federal requirements to investigate Medicaid service verifications. For the five monthly reports reviewed, we found referrals for preliminary investigations were not completed when Medicaid service verifications indicated the client did not receive a billed service or was asked to pay for the service.

We consider these internal control deficiencies to be a material weakness.

Cause of Condition

The Authority did not ensure the contractor included nursing homes in its code used to pull the monthly samples. It also did not monitor sufficiently to detect that no nursing home claims were being included in the sample.

The Authority's Section of Program Integrity, which is responsible for the Authority's Medicaid service verification process, recently underwent a major reorganization. Staff assigned to the program were new to their positions. In addition, the Authority said it did not conduct preliminary investigations due to limited fraud investigation staff.

Effect of Condition

By not designing its service verification process to include all required claims and not conducting preliminary investigations of Medicaid service verifications that indicated the client did not receive a billed service or was asked to pay for the service, the Authority faces increased risk of not detecting potential Medicaid fraud. Further, because the Authority did not comply with federal regulations, it could face sanctions or other actions by the federal granting agency.

Recommendations

We recommend the Authority

- Design its service verification survey process to include all required ProviderOne claims
- Establish a process to ensure it performs preliminary investigations, as required, when allegations of Medicaid fraud or abuse are received

Authority's Response

The Authority implemented the required system enhancement for the service verification survey process prior to the conclusion of the audit and will subsequently monitor the process to ensure the relevant claim types are included. The Authority has also established policies and procedures for the preliminary investigation process; however, they were not fully implemented until after the audit period.

Auditor's Remarks

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the

applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 42, U.S. Code of Federal Regulations, Chapter IV, Subpart C—Mechanized Claims Processing and Information Retrieval Systems, section 433.110 Basis, purpose and applicability, states in part:

(a) This subpart implements the following sections of the Act:

- (1) Section 1903(a)(3) of the Act, which provides for FFP in State expenditures for the design, development, or installation of mechanized claims processing and information retrieval systems and for the operation of certain systems. Additional HHS regulations and CMS procedures for implementing these regulations are in 45 CFR part 75, 45 CFR part 95, subpart F, and part 11, State Medicaid Manual; and
- (2) Section 1903(r) of the Act, which imposes certain standards and conditions on mechanized claims processing and information retrieval systems (including eligibility determination systems) in order for these systems to be eligible for Federal funding under section 1903(a) of the Act.

Title 42, U.S. Code of Federal Regulations, Section 433.116 FFP for operation of mechanized claims processing and information retrieval systems, states in part:

- (a) Subject to paragraph (j) of this section, FFP is available at 75 percent of expenditures for operation of a mechanized claims processing and information retrieval system approved by CMS, from the first day of the calendar quarter after the date the system met the conditions of initial approval, as established by CMS (including a retroactive adjustment of FFP if necessary to provide the 75 percent rate beginning on the first day of that calendar quarter). Subject to 45 CFR 95.611(a), the State shall obtain prior written approval from CMS when it plans to acquire ADP equipment or services, when it anticipates the total acquisition costs will exceed thresholds, and meets other conditions of the subpart.
- (b) CMS will approve enhanced FFP for system operations if the conditions specified in paragraphs (c) through (i) of this section are met.
- (c) The conditions of §433.112(b)(1) through (22) must be met at the time of approval.
- (d) The system must have been operating continuously during the period for which FFP is claimed.

- (e) The system must provide individual notices, within 45 days of the payment of claims, to all or a sample group of the persons who received services under the plan.
- (f) The notice required by paragraph (e) of this section—
 - (1) Must specify—
 - (i) The service furnished;
 - (ii) The name of the provider furnishing the service;
 - (iii) The date on which the service was furnished; and
 - (iv) The amount of the payment made under the plan for the service; and
 - (2) Must not specify confidential services (as defined by the State) and must not be sent if the only service furnished was confidential.
- (g) The system must provide both patient and provider profiles for program management and utilization review purposes.
- (h) If the State has a Medicaid fraud control unit certified under section 1903(q) of the Act and §455.300 of this chapter, the Medicaid agency must have procedures to assure that information on probable fraud or abuse that is obtained from, or developed by, the system is made available to that unit. (See §455.21 of this chapter for State plan requirements.)

Title 42, U.S. Code of Federal Regulations, Section 455.1 Basis and scope, states in part:

This part sets forth requirements for a State fraud detection and investigation program, and for disclosure of information on ownership and control.

- (a) Under the authority of sections 1902(a)(4), 1903(i)(2), and 1909 of the Social Security Act, Subpart A provides State plan requirements for the identification, investigation, and referral of suspected fraud and abuse cases. In addition, the subpart requires that the State—
 - (1) Report fraud and abuse information to the Department; and
 - (2) Have a method to verify whether services reimbursed by Medicaid were actually furnished to beneficiaries.

Title 42, U.S. Code of Federal Regulations, Section 455.14 Preliminary investigation states:

If the agency receives a complaint of Medicaid fraud or abuse from any source or identifies any questionable practices, it must conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation.

Title 42, U.S. Code of Federal Regulations, Section 455.20 Beneficiary verification procedure states:

- (a) The agency must have a method for verifying with beneficiaries whether services billed by providers were received.
- (b) In States receiving Federal matching funds for a mechanized claims processing and information retrieval system under part 433, subpart C, of this subchapter, the agency must provide prompt written notice as required by §433.116 (e) and (f).

2020-048 The Health Care Authority, Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
 93.777 State Survey and Certification of Health Care Providers and Suppliers
 93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers
 93.778 Medical Assistance Program
 93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name: Department of Health and Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL;
 1905WAINCT; 2005WA5MAP; 2005WA5ADM;
 2005WAIMPL; 2005WAINCT
Pass-through Entity: None
Pass-through Award/Contract None
Number:
Applicable Compliance Special Tests and Provisions – Utilization Control and
Component: Program Integrity
Known Questioned Cost Amount: None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and usually accounts for about one-third of the State’s federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

Federal regulations require states to develop methods and criteria for identifying and investigating suspected fraud cases within the Medicaid program. In addition, the state Medicaid agency must develop procedures, in cooperation with State legal authorities, for referring suspected fraud cases to law enforcement officials, including the State Medicaid Fraud Control Division.

The Division of Program Integrity (Division) is the main office in the Health Care Authority (Authority) that reviews program integrity of Medicaid operations. The Division’s mission is to identify, prevent and recover improper payments to providers and

its contractors, and identify noncompliance with state and federal regulations as well as with contractual requirements.

This mission is carried out through:

- Data mining and analysis of payment transactions to identify potential fraud
- Conducting audits and reviews of health care providers, contractors, and subcontractors to ensure compliance with applicable laws and regulations
- Preventing future improper payments by recommending process improvements through amended program policies and Medicaid payment system edits
- Providing educational outreach to Medicaid providers, managed-care organizations, health care associations, and other Medicaid contractors to identify, report and prevent fraud

The Division's Audit and Investigations Unit is responsible for conducting medical and hospital audits to detect and prevent fraud, waste and abuse, and identify any associated improper payments. Medical audits comprise three types of audits: self-initiated, focused, and desk audit. Hospital audits are data-driven audits that primarily focus on review of payment coding. If suspected credible allegations of fraud are found, the Office refers the case to the Medicaid Fraud Control Division.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Audit and Investigations Unit did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation. The prior finding numbers were 2019-053 and 2018-047.

Description of Condition

The Authority's Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.

Federal law requires all state Medicaid agencies to establish methods and criteria for investigating suspected cases of fraud and procedures for referring suspected fraud to law enforcement officials. The Division did not have any such policies and procedures pertaining to its audits. Because of this, we could not determine whether the Division conducted its audits in accordance with established policies and procedures.

The Authority is also required to ensure all staff who conduct investigations or review and refer suspected fraud are appropriately qualified. It does this by creating position descriptions that would ensure the employee is qualified if they meet the minimum requirements. The Authority had 36 staff members in the Division who might refer suspected cases of fraud. Using a non-statistical sampling method we selected nine and compared their qualifications to their position descriptions. We determined one of the nine did not meet the minimum qualifications of their position.

We consider these internal control deficiencies to be material weaknesses, which led to material noncompliance.

Cause of Condition

The Division had outdated policies and procedures for the investigation and referral of suspected fraud. The Division did not update its policies and procedures to reflect its current audit practices after its most recent reorganization, which merged two units in 2019. During the audit period, the Division was building up staff and reviewing its procedures, but it said part of the challenge was getting the staff from two prior units to agree on a common set of procedures for the new combined unit. The Division did start to develop draft policies and procedures during the audit period, but they were not approved before the end of the fiscal year. Additionally, when the new supervisor was appointed to her position in November of 2019, she had only one auditor on her team.

The Division also did not set standards for documentation regarding audit case work. Further, management did not document reviews of audits and investigations to ensure all work performed by the auditors was accurate, complete, and adequately documented.

The one employee who did not meet the qualifications of their position had taken a voluntary demotion. The Authority's Human Resources Division said that management assessed their skills compared to what they needed in the positions and determined the employee was qualified, thus approving the demotion. However, management approved the demotion without Human Resources involvement in assessing whether the employee met the position qualifications.

Effect of Condition

By not establishing policies and procedures to identify and investigate suspected fraud, the Authority did not meet federal program integrity requirements.

Because it did not require secondary reviews of provider audits, the Authority had no assurance that credible cases of fraud were properly identified and referred to the Medicaid Fraud Control Division. Failure to identify suspected fraud cases increases the risk of undetected improper payments within the Medicaid program.

Recommendations

We recommend the Authority:

- Develop and implement policies and procedures for the Division
- Require and document secondary reviews of each audit for accuracy and completeness
- Monitor audits to ensure they are performed and documented in accordance with Division policies and procedures
- Ensure that all staff conducting reviews or identifying fraud meet the qualifications of their position description

Authority's Response

The Authority concurs with the finding. Policies and procedures for the Audit and Investigations Unit have been developed and are in the process of being finalized, including those for secondary reviews, audit documentation and monitoring, as well as staff qualifications.

Auditor's Remarks

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (d) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when

a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 42 U.S. Code of Federal Regulations Part 455, Program Integrity: Medicaid, Subpart A – Medicaid Agency Fraud Detection and Investigation Program, states in part:

455.13. Methods for identification, investigation, and referral.

The Medicaid agency must have –

- (a) Methods and criteria for identifying suspected fraud cases;
- (b) Methods for investigating these cases that –
 - (1) Do not infringe on the legal rights of persons involved; and
 - (2) Afford due process of law; and
- (c) Procedures, developed in cooperation with State legal authorities, for referring suspected fraud cases to law enforcement officials.

455.14. Preliminary investigation.

If the agency receives a complaint of Medicaid fraud or abuse from any source or identifies any questionable practices, it must conduct a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation.

455.15. Full investigation.

If the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program, the agency must take the following action, as appropriate:

- (a) If a provider is suspected of fraud or abuse, the agency must –
 - (1) In States with a State Medicaid fraud control unit certified under subpart C of part 1002 of this title, refer the case to the unit under the terms of its agreement with the unit entered into under § 1002.309 of this title;
- (b) If there is reason to believe that a beneficiary has defrauded the Medicaid program, the agency must refer the case to an appropriate law enforcement agency.
- (c) If there is reason to believe that a beneficiary has abused the Medicaid program, the agency must conduct a full investigation of the abuse.

455.16. Resolution of full investigation.

A full investigation must continue until –

- (a) Appropriate legal action is initiated;
- (b) The case is closed or dropped because of insufficient evidence to support the allegations of fraud or abuse; or
- (c) The matter is resolved between the agency and the provider or beneficiary. This resolution may include but is not limited to –
 - (1) Sending a warning letter to the provider or beneficiary, giving notice that continuation of the activity in question will result in further action;
 - (2) Suspending or terminating the provider from participation in the Medicaid program;
 - (3) Seeking recovery of payments made to the provider; or

- (4) Imposing other sanctions provided under the State plan.

Title 42 U.S. Code of Federal Regulations Part 456, Utilization Control, Subpart A – General Provisions, states in part:

456.1. Basis and purpose of part.

- (b) The requirements in this part are based on the following sections of the Act. Table 1 shows the relationship between these sections of the Act and the requirements in this part.

- (1) *Methods and procedures to safeguard against utilization of care and services.* Section 1902(a)(30) requires that the State plan provide methods and procedures to safeguard against unnecessary utilization of care and services.

456.2. State plan requirements.

- (a) A State plan must provide that the requirements of this part are met.
- (b) These requirements may be met by the agency by:
 - (1) Assuming direct responsibility for assuring that the requirements of this part are met;

456.3. Statewide surveillance and utilization control program.

The Medicaid agency must implement a statewide surveillance and utilization control program that –

- (a) Safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments;
- (b) Assesses the quality of those services;
- (c) Provides for the control of the utilization of all services provided under the plan in accordance with subpart B of this part; and
- (d) Provides for the control of the utilization of inpatient services in accordance with subparts C through I of this part.

456.4. Responsibility for monitoring the utilization control program.

- (a) The agency must –
 - (1) Monitor the statewide utilization control program;

- (2) Take all necessary corrective action to ensure the effectiveness of the program;
- (3) Establish methods and procedures to implement this section;
- (4) Keep copies of these methods and procedures on file; and
- (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program.

456.5. Evaluation criteria.

The agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services.

Title 42 U.S. Code of Federal Regulations Part 456, Utilization Control, Subpart B – Utilization Control: All Medicaid Services, states in part:

456.23 – Post-payment review process.

The agency must have a post-payment review process that –

- (a) Allows State personnel to develop and review –
 - (1) Beneficiary utilization profiles;
 - (2) Provider service profiles; and
 - (3) Exceptions criteria; and
- (b) Identifies exceptions so that the agency can correct misutilization practices of beneficiaries and providers.

Office of Management and Budget, 2 CFR Part 200, Appendix XI, Compliance Supplement, Medicaid Cluster, states in part:

N. Special Tests and Provisions

1. Utilization Control and Program Integrity

Compliance Requirements The state plan must provide methods and procedures to safeguard against unnecessary utilization of care and services. In addition, the state must have (1) methods of determining criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002). Suspected fraud must be referred to the state MFCUs (42 CFR part 455.21). See Special Test #6, MFCU.

Audit Objectives Determine whether the state has established and implemented procedures to: (1) safeguard against unnecessary utilization of care and services, including long term care institutions; (2) identify suspected fraud cases; (3) investigate these cases; and (4) refer those cases with sufficient evidence of suspected fraud cases to law enforcement officials. Consider testing in conjunction with Special Test #6, MFCU.

Suggested Audit Procedures

- a. Obtain the procedures used by the SMA to conduct utilization reviews and identify suspected fraud.
 - (1) Evaluate the qualifications of the personnel conducting the reviews and identifying suspected fraud. Ascertain that the individuals possess the necessary skill or knowledge by considering the following:
 - (a) professional certification, license, or specialized training;
 - (b) the reputation and standing of licensed medical professionals in the view of peers if relevant; and (c) experience in the type of tasks to be performed.

2020-049

The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.

CFDA Number and Title:	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program 93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name:	Department of Health and Human Services
Federal Award Number:	1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT
Pass-through Entity:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions — Inpatient Hospital and Long-Term Care Facility Audits
Known Questioned Cost Amount:	None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington's largest public assistance program and usually accounts for about one-third of the State's federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

In fiscal year 2020, the state Medicaid program paid about \$291 million to hospitals for inpatient services.

The Health Care Authority (Authority) pays for inpatient services to hospitals through the use of rates that are economic, efficient and in accordance with the state plan. The federal grantor requires the State Medicaid Agency to provide for the periodic audits of financial and statistical records of participating providers as established in the state plan.

The Medicaid State Plan, Attachment 4.19, lists the financial audit requirements for establishing payment rates for inpatient hospital services. The plan states that cost report data used for rate setting, hospital billings and other financial and statistical records will be periodically audited.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.

Although the Authority did perform reconciliations of amounts paid to hospitals for inpatient services based on the amounts the facilities reported, it did not perform periodic audits of cost report data used for rate setting and hospital billings and other financial and statistical records as required in the state plan.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The Authority did not know of the requirements in the state plan. Therefore, management had not established policies and procedures to ensure periodic audits of cost report data, hospital billings, and other financial and statistical records were performed for inpatient hospital services.

Effect of Condition

By not ensuring that periodic audits of cost report data, hospital billings, and other financial and statistical records are performed, the Authority increases the risk that it could improperly pay for inpatient hospital services.

Recommendation

We recommend the Authority establish and implement adequate internal controls to ensure it meets federal inpatient hospital and long-term care facility audit requirements.

Authority's Response

It is the Authority's understanding that federal and state laws require a cost settlement process for the hospitals paid on a cost basis, under the Certified Public Expenditure (CPE) and Critical Access Hospital (CAH) programs. The Authority performs detailed reconciliations under both an

interim and final cost settlement process, outlined in the State plan. The cost settlement process uses information from the CMS hospital cost reports which are subject to desk reviews and audits by CMS and their Medicare Administrative Contractors.

In order to prevent duplicate audit activities and inefficient use of resources, the Authority will pursue potential changes (or clarifications) to the State plan, and/or implement additional policies and procedures to ensure compliance with federal requirements for this area (42 CFR section 447.253).

Auditor's Remarks

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

42 CFR § 447.253 Other requirements states in part:

(g) *Audit requirements.* The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers.

Medicaid (Title XIX) State Plan, Attachment 4.19-A Part I Methods and Standards for Establishing Payment Rates for Inpatient Hospital Services, page 60 states in part:

3. Financial Audit Requirements

Cost report data used for rate setting will be periodically audited.

In addition, hospital billings and other financial and statistical records will be periodically audited.

2020-050

The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report Medicaid Fraud Control Division overpayment recoveries on the CMS-64 report.

CFDA Number and Title:	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers 93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers 93.778 Medical Assistance Program 93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Special Tests and Provisions – Medicaid Fraud Control Unit
Questioned Cost Amount:	\$78,028

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington's largest public assistance program and accounts for about one-third of the State's federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

The Health Care Authority (Authority) is required to refer suspected fraud or other criminal violations to the Medicaid Fraud Control Division (MFCD) for investigation and prosecution. Any overpayment recoveries resulting from the MFCD actions are reported on the CMS-64 report.

The CMS-64 is the quarterly statement of expenditures for the Medicaid Program used by agencies to report their actual program benefit costs and administrative expenses to the Centers for Medicare & Medicaid Services (CMS). CMS uses this information to compute the federal financial participation (FFP) for the State's Medicaid Program costs.

When MFCD recovers overpayments, it creates accounting adjustments to record the revenue. After completing the adjustments, MFCD provides the supporting documentation to the Authority. The Authority batches adjustments monthly to record the federal portion of the recovery received and reports it on the CMS-64 report as a credit.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with requirements to report the MFCD overpayment recoveries on the CMS-64 report.

The Authority did not create the monthly batches of adjustments or report recoveries on the CMS-64 report as credits. The Authority did not have policies or procedures in place that described the process for creating the monthly batches or for reporting the MFCD overpayment recoveries on the CMS-64 report.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

This issue was not reported as a finding in the prior audit.

Cause of Condition

Authority staff were transitioning to new positions in the Medicaid Accounting Unit and were being trained on their new responsibilities. Reporting the MFCD overpayment recoveries on the CMS-64 report is a manual process, in which staff have to seek the information to report, and it was missed during the employee transition.

Effect of Condition and Questioned Costs

MFCD overpayment recoveries totaled \$78,028 from October 2019 through June 2020. Because the funds were not returned to CMS as required by federal regulation, we are questioning the costs of \$78,028.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Authority:

- Establish a formal process to ensure overpayment recoveries are properly reported on the quarterly CMS-64 report
- Consult with the federal grantor about whether or not the questioned costs identified in the finding should be repaid

Authority's Response

The Authority concurs with the finding and has completed the journal voucher to report the overpayment recoveries prior to the conclusion of the audit. The federal reporting will be current with quarter ending March 31, 2021.

Auditor's Remarks

We thank the Authority for its cooperation and assistance throughout the audit. We will review the status of the Authority's corrective action during our next audit.

Applicable Laws and Regulations

Title 42 U.S. Code of Federal Regulations Part 433, *State Fiscal Administration, Subpart F – Refunding of Federal Share of Medicaid Overpayments to Providers*

Section 433.300 Basis.

This subpart implements -

- (a) Section 1903(d)(2)(A) of the Act, which directs that quarterly Federal payments to the States under title XIX (Medicaid) of the Act are to be reduced or increased to make adjustment for prior overpayments or underpayments that the Secretary determines have been made.
- (b) Section 1903(d)(2)(C) and (D) of the Act, which provides that a State has 1 year from discovery of an overpayment for Medicaid services to recover or attempt to recover the overpayment from the provider before adjustment in the Federal Medicaid payment to the State is made; and that adjustment will be made at the end of the 1-year period, whether or not recovery is made, unless the State is unable to recover from a provider because the overpayment is a debt that has been discharged in bankruptcy or is otherwise uncollectable.

Section 433.316 When discovery of overpayment occurs and its significance.

- (a) *General rule.* The date on which an overpayment is discovered is the beginning date of the 1-year period allowed for a State to recover or seek to recover an overpayment before a refund of the Federal share of an overpayment must be made to CMS.
- (b) *Requirements for notification.* Unless a State official or fiscal agent of the State chooses to initiate a formal recoupment action against a provider without first giving written notification of its intent, a State Medicaid agency official or other State official must notify the provider in writing of any overpayment it discovers in accordance with State agency policies and procedures and must take reasonable actions to attempt to recover the overpayment in accordance with State law and procedures.
- (c) *Overpayments resulting from situations other than fraud.* An overpayment resulting from a situation other than fraud is discovered on the earliest of - -
 - (1) The date on which any Medicaid agency official or other State official first notifies a provider in writing of an overpayment and specifies a dollar amount that is subject to recovery;
 - (2) The date on which a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency; or
 - (3) The date on which any State official or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing.
- (d) *Overpayments resulting from fraud.*
 - (1) An overpayment that results from fraud is discovered on the date of the final written notice (as defined in § 433.304 of this subchapter) of the State's overpayment determination.
 - (2) When the State is unable to recover a debt which represents an overpayment (or any portion thereof) resulting from fraud within 1 year of discovery because no final determination of

the amount of the overpayment has been made under an administrative or judicial process (as applicable), including as a result of a judgment being under appeal, no adjustment shall be made in the Federal payment to such State on account of such overpayment (or any portion thereof) until 30 days after the date on which a final judgment (including, if applicable, a final determination on an appeal) is made.

- (3) The Medicaid agency may treat an overpayment made to a Medicaid provider as resulting from fraud under subsection (d) of this section only if it has referred a provider's case to the Medicaid fraud control unit, or appropriate law enforcement agency in States with no certified Medicaid fraud control unit, as required by § 455.15, § 455.21, or § 455.23 of this chapter, and the Medicaid fraud control unit or appropriate law enforcement agency has provided the Medicaid agency with written notification of acceptance of the case; or if the Medicaid fraud control unit or appropriate law enforcement agency has filed a civil or criminal action against a provider and has notified the State Medicaid agency.
- (e) *Overpayments identified through Federal reviews.* If a Federal review at any time indicates that a State has failed to identify an overpayment or a State has identified an overpayment but has failed to either send written notice of the overpayment to the provider that specified a dollar amount subject to recovery or initiate a formal recoupment from the provider without having first notified the provider in writing, CMS will consider the overpayment as discovered on the date that the Federal official first notifies the State in writing of the overpayment and specifies a dollar amount subject to recovery.
- (f) *Effect of changes in overpayment amount.* Any adjustment in the amount of an overpayment during the 1-year period following discovery (made in accordance with the approved State plan, Federal law and regulations governing Medicaid, and the appeals resolution process specified in State administrative policies and procedures) has the following effect on the 1-year recovery period:

- (1) A downward adjustment in the amount of an overpayment subject to recovery that occurs after discovery does not change the original 1-year recovery period for the outstanding balance.
- (2) An upward adjustment in the amount of an overpayment subject to recovery that occurs during the 1-year period following discovery does not change the 1-year recovery period for the original overpayment amount. A new 1-year period begins for the incremental amount only, beginning with the date of the State's written notification to the provider regarding the upward adjustment.
- (g) *Effect of partial collection by State.* A partial collection of an overpayment amount by the State from a provider during the 1-year period following discovery does not change the 1-year recovery period for the balance of the original overpayment amount due to CMS.
- (h) *Effect of administrative or judicial appeals.* Any appeal rights extended to a provider do not extend the date of discovery.

Section 433.320 Procedures for refunds to CMS.

(a) **Basic requirements.**

- (1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).
- (2) The agency must credit CMS with the Federal share of overpayments subject to recovery on the earlier of -
 - (i) The Form CMS-64 submission due to CMS for the quarter in which the State recovers the overpayment from the provider; or
 - (ii) The Form CMS-64 due to CMS for the quarter in which the 1-year period following discovery, established in accordance with § 433.316, ends.
- (3) A credit on the Form CMS-64 must be made whether or not the overpayment has been recovered by the State from the provider.

- (4) If the State does not refund the Federal share of such overpayment as indicated in paragraph (a)(2) of this section, the State will be liable for interest on the amount equal to the Federal share of the non-recovered, non-refunded overpayment amount. Interest during this period will be at the Current Value of Funds Rate (CVFR), and will accrue beginning on the day after the end of the 1-year period following discovery until the last day of the quarter for which the State submits a CMS-64 report refunding the Federal share of the overpayment.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of

Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

(a) Audit findings reported. The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known

questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

**2020-051 The Department of Social and Health Services,
Developmental Disabilities Administration, did not have
adequate internal controls over and did not comply with
requirements to ensure Medicaid payments to supported
living providers were allowable and adequately supported.**

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
93.777 State Survey and Certification of Health Care
Providers and Supplies (Title XVIII)
93.778 Medical Assistance Program (Medicaid; Title
XIX)
Federal Grantor Name: U.S. Department of Health and Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL;
1905WAINCT; 2005WA5MAP; 2005WA5ADM;
2005WAIMPL; 2005WAINCT
Pass-through Entity: None
**Pass-through Award/Contract
Number:** None
Applicable Compliance Component: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Known Questioned Cost Amount: \$291,364,627

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington's largest public assistance program and usually accounts for about one-third of the State's federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

The Department of Social and Health Services' (Department) Developmental Disabilities Administration administers the Home and Community-Based Services (HCBS) program for people with developmental disabilities. HCBS is a waiver program that permits states to provide an array of community-based services to help Medicaid clients live in the community and avoid institutionalization. States have broad discretion to design waiver programs, but those programs must be approved by the Centers for Medicare and Medicaid Services (CMS).

Supported living services support Medicaid clients to live in their own homes, generally with one to three other people, and receive instruction and support delivered by contracted service agencies (providers). Supported living clients pay their own rent, food and other personal expenses. Supported living is an option under the HCBS Core and Community Protection waivers. In fiscal

year 2020, the state Medicaid program paid about \$588 million in federal and state funds to supported living agencies that provided care to about 4,000 Medicaid clients.

Client assessment, person-centered service plan, and tiered rate

The Department uses a rate assessment tool to evaluate client support needs to live in the community. A Person-Centered Service Plan (PCSP) is developed from this assessment to determine the support and instruction a client is expected to receive. The economies of scale are applied to the assessed level of care generated by the rate assessment tool to produce a daily rate in one of nine tiers that is paid to the supported living agency. The tiered rate is comprised of two components: payment for direct client services (known as instruction and support services, ISS) and administrative (known as non-ISS). A tiered rate methodology is used to allow providers more flexibility in delivering services to clients. A daily tiered rate is loaded into the Department's payment system and providers claim payment for each day they provide services to the clients. The supported living agency is contractually obligated to fulfill the client's support needs outlined in the PCSP.

Cost report and settlement

Providers are required to prepare and submit a cost report at the end of each calendar year, with each cost report covering the last 6 months of one fiscal year and the first six months of the next fiscal year. Providers must attest to the accuracy of the reported information. The Department uses the cost report information to:

- Provide program cost data to regional managers and residential providers;
- Determine settlements with supported living providers;
- Provide information to the Legislature and the Department for budget development and policy decisions; and
- Provide accountability and transparency for the use of public funds.

In the Home and Community-Based Services waiver, the Department states it reconciles purchased support services with provided support services for the calendar year. Using the cost report, settlements are calculated by the Department to determine if the provider received more reimbursement for instruction and support service (ISS) care than what the provider paid to its employees who provided the client care. Department policy states that when the Department reviews a cost report to determine if a settlement is required, the following will be verified:

- a. All sections of the cost report are complete;
- b. The information matches the ProviderOne payment report;
- c. The report conforms with generally accepted accounting principles; and
- d. The report meets the requirements of the provider's contract.

If the provider does not spend all ISS reimbursement funds on costs to provide direct care to clients, then the provider is required to pay the Department back the difference.

In the Home and Community-Based Services waiver, the Department states that there is no settlement for administrative or indirect client support costs.

Cost report audit

The Department conducts annual desk audits of the cost report for selected providers to determine the accuracy and reasonableness of the self-attested expenditures reported on the cost report. Before a cost report audit is conducted, the Department requires the provider to submit supporting documentation, including detailed payroll cost support for two to three months of the year. The cost report audit reviews the provider detailed support that shows ISS funds received from the Department are only used to provide ISS. The DDA Residential Reimbursement Process guide outlines the audit process and the documents providers must maintain to support expenditures recorded on the cost report. The guide states:

- The payroll summary must include detail for employees who performed direct support
- The payroll data must be by employee with job titles
- The provider is responsible for demonstrating how their records tie to the amounts reported on the cost report
- If a payroll summary does not match amounts reported on the cost report, then additional months up to the entire year would be reviewed

Provider documentation requirements

According to Department policy, providers are required to maintain detailed payroll records to verify the cost of services provided to clients. The providers must provide to DSHS upon request job descriptions for employees who are allocated to both ISS and non-ISS duties. Providers must retain detailed monthly or quarterly payroll and supporting records that support the amounts on their cost reports.

Quality assurance reviews

Supported living providers are contractually obligated to provide the services outlined in each client's PCSP. The PCSP outlines the care the provider is required to give the client. The Department conducts quality assurance reviews to ensure clients are receiving the support in the PCSP. During a review, DDA staff will visit selected clients' homes under the care of a supported living provider to observe the support being provided. DDA staff will also meet with the caregiver providing the support and the supported living client. A written report of what was reviewed is supplied to the provider. If issues are identified, the provider is required to submit a plan of correction.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure payments to supported living providers were. The finding numbers were 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038 and 12-39.

After the most recent audit, the grantor, the Center for Medicaid and CHIP Services (CMS), issued a management decision letter in which it requested “the state provide documentation that shows an adequate payment review process was implemented that occurs more frequently than once a year” and it requested the state repay the questioned costs identified in the finding.

Description of Condition

The Department did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported.

July 1 to December 31, 2019

Cost reports and settlements

Of the 131 cost reports that should have been collected, reconciled and settled, 18 were not received by the Department prior to the end of the audit period and an additional 15 were received, but not reviewed by that date. With no additional monitoring, the Department did not have evidence to support payments made to providers were for allowable activities and met the cost principles.

Cost reports and settlements - completed during audit period

Of the 131 cost reports DDA reconciled and settled, 75 were completed during the audit period and did not receive a cost report audit. For calendar year 2019, the Department did not require documentation to support the self-attested provider costs. With no other sufficient monitoring activity, we determined the cost report reconciliation and settlement process was not sufficient to ensure payments made to providers were for allowable activities and met cost principles.

Cost report audits

During the audit period, the Department performed a cost report audit for calendar year 2019 for 23 providers. We randomly selected seven of the 23 to review and found:

- Six did not include detailed payroll expenditure information as required.
- Seven did not have documentation to verify DDA reconciled cost report amounts to supporting documentation.
- Seven did not have a review to ensure they were completed correctly and accurately
- One provider had handwritten notes to support expenditures. Handwritten documentation is not acceptable for payroll support.
- For one provider, bonuses were paid ranging from \$250 to \$4,000 per employee. DDA policy states rates are payments for costs that are necessary, ordinary, and related to the provision of residential program instruction and support. We do not consider bonuses of this amount to be necessary or reasonable and they do not meet requirements outlined in policy.

We also identified additional issues in the cost report audit process performed by DDA staff:

- The cost report audits reviewed only cover three to four percent of all months of payments in calendar year 2019. This is not sufficient coverage in our judgment.
- DDA allowed overtime payroll expenditures to be included as support for cost reports. We do not believe this is appropriate as allowing overtime dollars to be considered the same as regular pay dollars does not accurately reflect services being provided to clients.

We do not consider these audits to be effective at ensuring expenditures self-attested on the cost report were allowable and supported.

January 1 to June 30, 2020

Because cost reports and cost report audits are prepared on a calendar year basis, the Department had not collected the reports and performed audits for 2020 by the end of the audit period. No other systematic review of these expenditures was performed and therefore we determined the Department did not have sufficient controls over this requirement during this period.

Quality assurance reviews

In order to determine whether the quality assurance reviews give the Department assurance that contracted services were provided to the client, we reviewed this process. While these reviews do inform the Department that services are provided, we determined this process reviewed less than 3 percent of clients during the audit period. This is not sufficient coverage to ensure federal dollars were spent appropriately.

There were 16 (12 percent) out of 131 supported living providers that received a quality assurance review in state fiscal year 2020. We randomly selected and reviewed six and determined that five of the six reviewed had issues that required a Corrective Action Plan. There was no documentation of DDA following up with the agency to confirm the corrective action was completed. In addition, there was no analyses of whether any of these issues should have resulted in an overpayment due to contracted services not being provided.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department believed that when it switched to using a tiered rate system, the level of monitoring it was conducting was sufficient to meet federal requirements.

Cost reports and settlements

The Department does not require supporting documentation to be submitted with the cost reports and instead allows self-attested payroll expenditures as adequate support for the cost report settlement.

Cost report audits

The Department stated that the pandemic affected the Department's ability to conduct detailed cost report audits. Based on feedback received from providers, the Department made the decision to only require a payroll summary as adequate expenditure support to ease the burden on them. Additionally, the cost report deadline was extended to May 31st, two months later than the normal submission deadline.

Quality assurance reviews

The Department stated the pandemic limited the number of quality assurance reviews that could be conducted in state fiscal year 2020.

Effect of Condition and Questioned Costs

Without establishing an adequate payment review process, the Department had little assurance that program funds were used only for allowable purposes and payments were adequately supported.

We are questioning:

Payments made from July 1, 2019, through December 31, 2019

Cost reports and settlements

- \$109,332,307 in ISS payments made to 75 providers with cost reports reconciled and settled during the audit period. The federal share of these questioned costs is \$54,666,153. The total payments for these providers was known, but we were unable to separately identify the ISS and non-ISS portions at the provider level. We were able to use data provided by the Department to identify the average percentage of ISS costs and applied that percentage to the total payments. Therefore this amount is an estimate.
- \$92,472,187 in ISS and non-ISS payments made to 33 providers with cost reports not reconciled and settled during the audit period. The federal share of these questioned costs is \$46,236,093.

Cost report audits

- \$10,076,777 in ISS payments for six providers that did not have adequate documentation to support payroll expenditures on the cost report audits we tested. We used a nonstatistical sampling method and are reporting likely questioned costs of \$33,109,410. The federal share of these questioned costs is \$5,038,389 known and \$16,554,705 likely.

Payments made from January 1, 2020 through June 30, 2020

We are questioning all \$329,935,929 in supported living payments during this period. The federal share of these questioned costs is \$185,423,992.

Summary of questioned costs

The table below summarizes, by audit area, the known questioned costs and likely improper payments:

Audit area	Known questioned costs (state and federal)	Known questioned costs – federal portion only	Likely improper payments (state and federal)	Likely improper payments – federal portion only
Cost reports reconciled during the audit period	\$109,332,307	\$54,666,153	\$109,332,307	\$54,666,153
Cost reports not reconciled during the audit period	\$92,472,187	\$46,236,093	\$92,472,187	\$46,236,093
Cost reports with audits conducted	\$10,076,777	\$5,038,389	\$33,109,410	\$16,554,705
Cost reports	\$329,935,929	\$185,423,992	\$329,935,929	\$185,423,992
Totals	\$541,817,199	\$291,364,627	\$564,849,832	\$302,880,944

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Department:

- Implement an adequate payment review process that occurs more frequently than once a year to ensure federal funds paid to providers are used only for allowable purposes and are adequately supported
- Ensure DDA staff follow cost report audit procedures and require detailed payroll support
- Add detailed cost report audit procedures to policy
- Consult with its grantor about whether the questioned costs identified in the audit should be repaid

Department's Response

The Department does not concur with the finding.

The State Auditor's Office has questioned virtually all of the Department's reimbursements for instruction and support services to supported living clients. This would suggest the SAO believes that none of these services occurred. This implausible conclusion is completely inaccurate.

The SAO's requirements for Department oversight and monitoring of supported living services are not reasonable or appropriate given these services are reimbursed using a per diem rate. This methodology has been approved by CMS. The point of this reimbursement methodology is to allow service providers flexibility in the provision of services that best meets the clients' complex needs. Clients' needs vary by day, and this service methodology allows providers to meet these changing needs. Requiring hourly documentation of services for each client to justify services were provided is not appropriate. This is because the per diem service methodology does not carry the expectation that a set number of hours will be provided to each client each day. Nevertheless, it appears the SAO has applied this kind of documentation standard to this audit, and it has resulted in the inaccurate conclusion that the Department was not justified in most of the FY20 reimbursement for these services.

The Department has a number of significant oversight and monitoring strategies that are detailed below. The Department agrees there are areas where these strategies could be bolstered and improved. Following are the Department's oversight and monitoring strategies:

- ***Medicaid Service Verifications***

The Developmental Disabilities Administration (DDA) Quality Compliance Coordinator (QCC) team carries out Medicaid Service Verifications each month for a random sample of 79 clients who receive Medicaid services. This includes clients receiving supported living services. Clients or their legal representatives receive a service verification survey which asks if they received the services identified in their plan. If a client or their representative responds "no" to this or any other question, a member of the QCC team follows up with a phone call to determine next steps.

- ***Segregation of duties***

Service planning and service authorization are separate duties (please see next bullet). Also, the work of case managers and resource managers is checked. Supervisors perform these checks, as well as the DDA headquarters Community Residential Services program manager.

- ***Verification and approval process***

Case managers complete the DDA assessment (contained in the CARE application). The assessment generates a residential support level based on the support needs identified in the assessment.

Resource managers complete the rate assessment. The rate assessment process applies multiple efficiencies to achieve cost effectiveness. A rate sheet (called “Exhibit C” in the contract) is generated, and the provider confirms and signs it as part of their contract. The rates are uploaded into ProviderOne, allowing the provider to claim the authorized rate. Rates assessed as tier nine and single-person households require an exception to policy, which is reviewed and approved by managerial staff.

- ***Rate, cost report, settlement, and reconciliation processes***

Supported living uses a tiered rate reimbursement methodology. The tiered rate is a daily rate for an individual client. It is based upon the client’s assessed needs and economies of scale. The tier level and rate amount are calculated by algorithms established in rule. The systems involved include the Comprehensive Assessment Reporting and Evaluation (CARE), Residential Rates for Developmental Disabilities (RRDD), and Provider One. AL TSA and DDA staff monitor the systems and rates for accuracy. The tier methodology was reviewed and approved by CMS.

The cost report is a financial report prepared by the contracted provider that identifies the costs related to community residential habilitative services and supports provided in the calendar year. Allowable costs are detailed in DDA policy 6.04. DDA rate analysts and agency providers both receive annual training on the cost report process, and accuracy in the recording of all the financial information involved. When the cost report is submitted to the Department, the provider attests to its accuracy and completeness. DDA rate analysts review the cost report, checking for accuracy and completion in accordance with generally accepted accounting rules, and DDA policies 6.02 and 6.04.

The initial review includes a checklist of instructions the analyst follows to ensure the cost report is reasonable, allowable and completed accurately. The review includes a reconciliation of payments. The reconciliation process verifies the provider claimed the correct number of days of service and rate for every client in their contract. Reconciliation is done by comparing payments in the DDA RRDD database to those claimed in the Health Care Authority ProviderOne database. Variances are corrected in ProviderOne when they are determined and verified by both the rate section and DDA field staff.

The cost report is not used to set rates. The cost report is used to calculate a financial settlement that compares payment revenue to actual expenses. When instruction and support services (ISS) payment revenue is more than the ISS expenses, a settlement is generated. The provider returns the amount owed (per the settlement) to the Department’s

Office of Financial Recovery (OFR). In fiscal year 2020, the Department granted an extension of two months to the cost report submission date due to the declared emergency caused by the COVID-19 pandemic.

- ***Audit of a sample of provider payroll records***

A sample of providers is required to submit payroll records that support the instruction and support services (ISS) expenses claimed on the cost report. Approximately 30 provider agencies are randomly sampled annually. The sample is selected in mid-March, and the review process begins in mid-April after the cost reports are submitted. Providers are given two weeks to provide payroll records. DDA's rate analyst compares the provider payroll records to the ISS expenses reported on the cost report to verify that their payroll supports their reported ISS expenses.

The analyst may request additional information or correction on all or part of these reviews if inaccuracies are identified. Due to the COVID-19 pandemic, many provider offices closed in compliance with the Governor's Stay Home, Stay Healthy order. Therefore, the Department allowed providers to submit payroll summaries in lieu of detailed documentation.

- ***Quality Assurance Review***

DDA's Residential Quality Assurance section has one employee who visits certified community residential settings to provide technical assistance. With the transition from the legacy ISS hour-driven rate system to the person-centered assessment driven tiered rate system, a formalized and more holistic quality assurance oversight process was developed. It was implemented in July 2019. This new QA oversight approach includes routine reviews to ensure supports listed in clients' person-centered service plans (PCSPs) align with the supports provided.

The PCSP is the state's primary instruction to the provider for the provision of contracted services. The quality assurance staff conducts in-home reviews of the quality and quantity of service in relation to individuals' assessed needs across ten domains of the Comprehensive Assessment, Review & Evaluation (CARE) tool (the tool which contains the algorithm that drives the tiered rate).

Reviews are conducted for approximately two providers per month. During FY20, 15 providers were reviewed. Reviews include a sample of clients across multiple homes and different service levels. Due to the COVID-19 pandemic, in FY20 not all providers were reviewed as scheduled.

The quality assurance staff provides recommendations if the providers' practices should be revised. This increases security and helps achieve better compliance with WAC 388-101D requirements. It is also a best practice for client funds management. This includes reviewing detailed client funds documentation for a sample of clients. Client financial losses may be discovered during this process.

The quality assurance staff provides thorough, written feedback following both types of reviews, and requests a written plan documenting the provider's plan for correction. The quality assurance staff monitors to ensure all providers submit the written plan. For client financial losses discovered by the quality assurance staff, the provider must provide proof of reimbursement.

- ***Residential Care Services (RCS) certification process***

RCS evaluates providers' compliance with Chapter 388-101 and 388-101(D) WAC, and the DDA contract at minimum of every two years. RCS also monitors for evidence of working toward person-centered service plan goals, and investigate complaints of provider practice and RCW 74.34 violations. Citations issued by RCS require providers to respond with plans of correction.

DDA regional staff and headquarters quality assurance staff monitor provider compliance and provide technical assistance to providers in developing plans of correction and maintaining compliance with requirements. Regional staff verify compliance with plans outlined in providers' plans of correction. This is documented in the Residential Agency Tracking database on the SharePoint site.

Quality assurance staff report on citation trends monthly. Quality assurance staff review the most frequent citations quarterly, and implement systemic interventions such as training, provider messaging, and developing provider tools and resources.

Contract monitoring

Headquarters quality assurance staff and regional resource managers and quality assurance staff monitor providers' performance in relation to their contract to ensure compliance.

Resource manager's contract monitoring activities are documented in the Residential Agency Tracking Database. These activities include visits to clients' homes. The number of monitoring visits is determined by various factors including the number of incident reports and technical assistance requests from the provider.

Case managers visit clients' homes when performing the annual DDA assessment. CRMs monitor that clients are receiving the services according to their person-centered service plan and for needed changes to address health and welfare needs. This monitoring

frequency depends upon the need of the client, but must occur at least every six months. The monitoring typically includes a conversation with the client and/or their legal representative.

During monitoring of the services, frequency of services and the amount of each service are reviewed to ensure the client's assessed needs are addressed. This monitoring is recorded in CARE under the "monitor plan" tab. A question on DDA's Quality Compliance Coordinator annual review checks that CRMs completed plan monitoring. This annual QCC review includes a sample of client files. For waiver and Community First Choice clients, the sample size is set to have a confidence level of 95% and an error rate of + or – 5%. For Roads to Community Living clients, the sample size is 100%.

The Residential Quality Assurance program manager conducts a quarterly survey to obtain information about clients' inclusion in the community. The survey is based on a random selection of 350 clients and includes clients in the supported living program.

Every six months the Residential Quality Assurance program manager requests current Individual Instruction and Support Plans (IISPs) and information on progress toward IISP goals for the clients identified in the above survey. This is to review the IISPs for compliance with WAC and DDA policy 5.08 (Individual Instruction and Support Plan and Risk Summary), as well as to ensure progress is being tracked for habilitative goals.

- **COVID-19 Impact**

In the latter part of fiscal year 2020 (January to June 2020), the Department allowed providers various flexibilities due to the declared emergency caused by the COVID-19 pandemic. The SAO disregarded the flexibilities that the Department approved under its authority. For example, the Department allowed additional time for cost report submission and review, yet the SAO commented that cost reports were not submitted or reviewed in a timely manner.

Auditor's Remarks

Broadly, one of the goals of the single audit is one of fiscal accountability – to assure the federal government that programs follow the federal government's regulations for how to spend the money, and can evidence it did so. This year's audit, like the previous eight years' audits, found the Department did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported. Last year, the federal government also said the state's process for reviewing those payments was inadequate, and even requested the state repay \$114 million of the federal funds because of this.

This audit finding is a result of procedures performed to determine if the Department is compliant with federal requirements over Activities Allowed/Unallowed and Allowable Costs/Cost

Principles. We considered the Department's asserted internal controls during the audit and found them to be inadequate to meet these requirements. We did not state that we believe none of the services occurred. We reported the Department did not review documentation from providers or perform other procedures to determine that federal funds were only used for allowable purposes and were adequately supported, and therefore, we are required to question costs.

The Department's response states:

The SAO's requirements for Department oversight and monitoring of supported living services are not reasonable or appropriate given these services are reimbursed using a per diem rate. This methodology has been approved by CMS."

CMS approval of provider payment methodology has no effect on the compliance requirement to ensure payments to providers are spent on allowable activities and meet cost principles. The Department received a management decision letter from CMS dated August 6, 2020 that addressed the prior year finding the Department received for this same issue (2019-054). In this letter, CMS stated:

CMS requests that within 30 days the state provide documentation that shows an adequate payment review process was implemented that occurs more frequently than once a year. The state should also ensure federal funds paid to providers are used only for allowable purposes and are adequately supported with documentation. CMS also request within 30 days the state verify supported living providers are complying with costs report preparation instructions and refund the questioned costs of \$114,435,961 FFP on the next CMS 64 report.

We confirmed the Department received this letter. Therefore, the Department should be aware this guidance from CMS is in conflict with the Department's assertion that CMS approval of the tiered rate methodology relieves them of the requirement to ensure payments are used only for allowable purposes and are adequately supported.

Internal control is a perpetual process, effected by those charged with governance, management, and other employees, designed to provide reasonable assurance regarding the achievement of the entity's objectives relating to operations, reporting, and compliance. At the beginning of the audit, we requested the Department provide in writing, the key internal controls it has in place to ensure compliance with federal requirements. We extensively reviewed each control the Department identified and determined only the cost report settlement process could ensure payments are used only for allowable purposes and are adequately supported. In our judgment, a review of an annual cost report does not provide the Department with reasonable assurance that federal Medicaid funds paid for ISS services were only spent for ISS services.

Even when internal controls are determined to be insufficient, we are required to test the Department's compliance with federal requirements. We examined the cost reports, but we did not

require hourly documentation of services for each client. We did, however, test to the requirements outlined in the Department's policy 6.04 that states providers must maintain supporting records for the amounts reported on the cost report. The Department response stated:

“DDA rate analysts review the cost report, checking for accuracy and completion in accordance with generally accepted accounting rules, and DDA policies 6.02 and 6.04.”

It is not possible to check for accuracy and completion without having supporting documentation to compare to the cost report. The Department provided no evidence that the rate analysts review supporting documentation to confirm accuracy or completeness of provider self-attested expenditures. We found there is no review of these supporting records when the Department conducts the annual cost report reconciliation. The only time the Department reviews provider supporting documentation is for the cost report audits. In its response the Department stated:

The cost report is not used to set rates. The cost report is used to calculate a financial settlement that compares payment revenue to actual expenses.

In state fiscal year 2020 the Department completed audits for only 23 out of 131 providers and, for the samples we tested, the Department reviewed summary level payroll expenditures that in almost all cases did not include the required level of detail. Therefore, the Department is not evaluating support for the actual expenses and the stated purpose of the cost report is not being met. What is being determined is whether the provider was paid the correct daily rate, which does not ensure payments were spent on allowable activities.

The Department mentions the following oversight and monitoring strategies:

- Medicaid service verifications
- Segregation of duties
- Verification and approval process
- Quality Assurance Review
- Residential Care Services (RCS) certification process
- Contract Monitoring

While these are useful processes and may help ensure clients receive proper services, they are not focused on ensuring payments made to providers are for allowable activities or meet cost principles.

We recognize that the COVID-19 pandemic has disrupted government processes and timelines, but the requirements to ensure federal funds are only spent on allowable activities and were adequately supported remained in effect. The Department has the authority to grant an extension of the provider cost report submission deadline. However, CMS has already informed the

Department that yearly review of the cost reports was not sufficient. Even if the cost reports were all received timely, the Department would be noncompliant with federal law.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 42 U.S. Code of Federal Regulations Part 433, State Fiscal Administration, Subpart F – Refunding of Federal Share of Medicaid Overpayments to Providers

Section 433.300 Basis.

This subpart implements -

- (a) Section 1903(d)(2)(A) of the Act, which directs that quarterly Federal payments to the States under title XIX (Medicaid) of the Act are to be reduced or increased to make adjustment for prior overpayments or underpayments that the Secretary determines have been made.
- (b) Section 1903(d)(2)(C) and (D) of the Act, which provides that a State has 1 year from discovery of an overpayment for Medicaid services to recover or attempt to recover the overpayment from the provider before adjustment in the Federal Medicaid payment to the State is made; and that adjustment will be made at the end of the 1-year period, whether or not recovery is made, unless the State is unable to recover from a provider because the overpayment is a debt that has been discharged in bankruptcy or is otherwise uncollectable.

Section 433.316 When discovery of overpayment occurs and its significance.

- (a) *General rule.* The date on which an overpayment is discovered is the beginning date of the 1-year period allowed for a State to recover or seek to recover an overpayment before a refund of the Federal share of an overpayment must be made to CMS.
- (b) *Requirements for notification.* Unless a State official or fiscal agent of the State chooses to initiate a formal recoupment action against a provider without first giving written notification of its intent, a State Medicaid agency official or other State official must notify the provider in writing of any overpayment it discovers in accordance with State agency policies and procedures and must take reasonable actions to attempt to recover the overpayment in accordance with State law and procedures.

(c) *Overpayments resulting from situations other than fraud.* An overpayment resulting from a situation other than fraud is discovered on the earliest of -

- (1) The date on which any Medicaid agency official or other State official first notifies a provider in writing of an overpayment and specifies a dollar amount that is subject to recovery;
- (2) The date on which a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency; or
- (3) The date on which any State official or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing.

(d) *Overpayments resulting from fraud.*

- (1) An overpayment that results from fraud is discovered on the date of the final written notice (as defined in § 433.304 of this subchapter) of the State's overpayment determination.
- (2) When the State is unable to recover a debt which represents an overpayment (or any portion thereof) resulting from fraud within 1 year of discovery because no final determination of the amount of the overpayment has been made under an administrative or judicial process (as applicable), including as a result of a judgment being under appeal, no adjustment shall be made in the Federal payment to such State on account of such overpayment (or any portion thereof) until 30 days after the date on which a final judgment (including, if applicable, a final determination on an appeal) is made.
- (3) The Medicaid agency may treat an overpayment made to a Medicaid provider as resulting from fraud under subsection (d) of this section only if it has referred a provider's case to the Medicaid fraud control unit, or appropriate law enforcement agency in States with no certified Medicaid fraud control unit, as required by § 455.15, § 455.21, or § 455.23 of this chapter, and the Medicaid fraud control unit or appropriate law enforcement agency has provided the Medicaid agency with written notification of acceptance of the case; or if the Medicaid fraud control unit or appropriate law enforcement agency has filed a civil or criminal action against a provider and has notified the State Medicaid agency.

- (e) *Overpayments identified through Federal reviews.* If a Federal review at any time indicates that a State has failed to identify an overpayment or a State has identified an overpayment but has failed to either send written notice of the overpayment to the provider that specified a dollar amount subject to recovery or initiate a formal recoupment from the provider without having first notified the provider in writing, CMS will consider the overpayment as discovered on the date that the Federal official first notifies the State in writing of the overpayment and specifies a dollar amount subject to recovery.
- (f) *Effect of changes in overpayment amount.* Any adjustment in the amount of an overpayment during the 1-year period following discovery (made in accordance with the approved State plan, Federal law and regulations governing Medicaid, and the appeals resolution process specified in State administrative policies and procedures) has the following effect on the 1-year recovery period:
- (1) A downward adjustment in the amount of an overpayment subject to recovery that occurs after discovery does not change the original 1-year recovery period for the outstanding balance.
 - (2) An upward adjustment in the amount of an overpayment subject to recovery that occurs during the 1-year period following discovery does not change the 1-year recovery period for the original overpayment amount. A new 1-year period begins for the incremental amount only, beginning with the date of the State's written notification to the provider regarding the upward adjustment.
- (g) *Effect of partial collection by State.* A partial collection of an overpayment amount by the State from a provider during the 1-year period following discovery does not change the 1-year recovery period for the balance of the original overpayment amount due to CMS.
- (h) *Effect of administrative or judicial appeals.* Any appeal rights extended to a provider do not extend the date of discovery.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (e) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of

compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Home and Community-Based Services Waiver, states in part:

Cost Reports:

Cost reports reconcile purchased support services with provided support services for the calendar year. Cost reports are desk audited to determine accuracy and the reasonableness of reported costs. Reported revenue received is reconciled to ProviderOne payment information to determine settlement amounts as described in DDA Policy 6.04.

Settlements are calculated by the Department staff to determine settlements per contract(s) in cases where providers' contract(s) received more reimbursement for direct support costs than was paid out.

Developmental Disabilities Administration Policy 6.02 - Rates and Other Covered Costs for Supported Living, Group Training Homes, and Group Homes, states in part:

C. Rates are payments for costs that are necessary, ordinary, and related to the provision of residential program instruction and support as described in chapters 388-101 and 388-101D WAC and the residential services contract.

DD. Provision of Services

1. The service provider must provide residential services identified in the client's person-centered service plan
2. The service provider must maintain a system that shows instruction and support service funds have been used to provide instruction and support services. All instruction and support services staff compensation and employer paid taxes and benefits within each calendar year will be reconciled to the contracted rate through the cost reporting system on an annual basis. See DDA Policy 6.04.

Developmental Disabilities Administration Policy 6.04, Billing, Payment, and Cost Reporting for Supported Living, Group Training Homes, and Group Homes, issued 12/2019, states in part:

D. Cost Report Components

1. Instruction and Support Services

- a. If a provider reports ISS expenses beyond what is ordinary and necessary, the Department may ask the provider to explain the reported costs.
- c. Service providers must provide to DSHS upon request job descriptions for employees who are allocated in the cost report working both ISS and non- ISS duties. Payroll costs charged to ISS for cost reporting purposes must be verifiable in the service provider's records.
- e. Providers must report on their annual cost report the monthly or quarterly payroll expenses for staff that perform ISS duties (and non-ISS for those who perform both ISS & non-ISS duties). The employer must retain the detailed monthly or quarterly payroll and supporting records that support the monthly or quarterly amounts reported on the cost report as DDA may request these records.
- f. Allowable ISS Costs include:
 - 1) Compensation paid for ISS staff salaries, wages, stipends, training costs and other compensation for staff that are designated as ISS, and prorated for those staff whose time is split between ISS and administrative functions;

DSHS Residential Reimbursement Process guidance, states in part:

ISS Payroll Verification

Process

- Compare the Provider's final Cost Report data to the payroll documentation they submitted for ISS verification.
- Provider's reported ISS costs on schedule B should equal expenses verified by employee payroll records.
- Payroll records that do not match the 20XX Cost Report will result in an email being sent regarding the mismatch.
- Providers whose schedule B reported ISS costs exceed a 2% variance from their submitted documentation will be asked to explain the variance and provide additional documentation to support their schedule B submission.
- Providers that cannot adequately explain variances will be brought to the attention of the Reimbursement Program Manager (Lead). Actions may include but are not limited to: requesting a revised cost report, provider cost report training, and/or automatically being included in the following year's review.

Types of Supporting Documentation the Provider Must and Optionally Submit

- Description of the payroll system they use:
 - QuickBooks
 - Payroll service (ADP, Paychecks, etc.)
 - Manual
 - Other information deemed appropriate
- Payroll summary must detail for employees who performed direct support – i.e., the percent each employee performed direct support
- Payroll data must be by employee with job titles
- Provider is responsible for demonstrating how their records tie to the amounts reported on the cost report

2020-052

The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
93.777 State Survey and Certification of Health Care Providers and Suppliers
93.777 COVID-19 — State Survey and Certification of Health Care Providers and Suppliers
93.778 Medical Assistance Program
93.778 COVID-19 — Medical Assistance Program
Federal Grantor Name: Department of Health and Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL; 1905WAINCT; 2005WA5MAP; 2005WA5ADM; 2005WAIMPL; 2005WAINCT
Pass-through Entity: None
Pass-through Award/Contract Number: None
Applicable Compliance Component: Special Tests and Provisions – Provider Eligibility (Screening and Enrollment)
Known Questioned Cost Amount: None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington's largest public assistance program and usually accounts for about one-third of the State's federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

The Department of Social and Health Services (Department) is responsible for ensuring Medicaid social service providers are eligible to render services to recipients of the program. Providers are to remain in good standing with eligibility requirements in order to continue receiving payments under the program. Washington had over 68,000 active providers during fiscal year 2020. During that time, the Department paid nearly \$3.9 billion to providers for direct client services.

The Department initiates and revalidates the enrollment of Medicaid providers through its contracting process. Individual providers contract provider terms are four years, and contracting requirements are screened by a contract specialist within the Department's Aging and Long-Term Support (AL TSA) and Developmental Disabilities (DDA) Administrations. Contracts are also

screened by Area Agencies on Aging (AAA) offices. A valid Washington state driver's license or other valid picture identification and either a Social Security card or proof of authorization to work in the United States must be checked during the initial contract or revalidation for individual providers (IPs). Nursing facility contract expiration dates are open ended, but the contract unit revalidates nursing facility enrollment every five years. Contracting requirements are screened by the Department's contract unit.

When a new provider is enrolled or a provider's contract is revalidated, contract staff review the application packet, including picture identification and proof of authorization to work in the United States for IPs, and a contract file is created in the Department's Agency Contracts Database (ACD). Once the application is marked approved in ACD, the Automated Provider Screening (APS) system automatically screens the provider through the following federal databases the following day:

- List of Excluded Individuals/Entities (LEIE)
- Excluded Parties List System (EPLS), now called System for Awards Management (SAM)
- SSA Limited Access Death Master File (DMF)

Prior to October of 2018 the APS was not a part of this process and the federal database checks were triggered through ACD. Contract unit staff are notified by email if the screening resulted in a match and staff then manually verify if the match was legitimate.

The Department is responsible for performing measures appropriate for the provider type at application and initial enrollment. In March 2011, a new federal regulation required state Medicaid agencies to revalidate the enrollment of all Medicaid providers at least every five years. In January 2016, the Centers for Medicare and Medicaid Services (CMS) issued guidance to states that requires the revalidation of all providers, enrolled on or before March 25, 2011, to be completed by September 25, 2016. After this deadline, all providers must be revalidated every five years from their initial enrollment date. Federal law also requires that in between revalidation periods, state Medicaid agencies are to determine the exclusion status of providers, including any person with ownership, controlling interest, or acting as an agent or managing employee of the provider, no less frequently than monthly by performing checks of LEIE and SAM.

The process for provider enrollment and revalidation are very similar. The first step in enrolling or revalidating a provider is to determine the provider's screening risk level. A provider can be designated as one of three risk levels: limited, moderate, or high. Each risk level requires progressively greater scrutiny of the provider before it can be enrolled or revalidated. For providers enrolled with both Medicare and Medicaid, state Medicaid agencies must assign providers to the same or higher risk category applicable under Medicare. In addition, certain provider behaviors require a provider to be moved to a higher screening level. The following are the required screening procedures for all risk types:

- Verify that the provider meets applicable federal regulations or state requirements for the provider type before making an enrollment determination
- Conduct license verifications, including for licenses in states other than where the provider is enrolling
- Conduct federal database checks to ensure providers continue to meet the enrollment criteria for their provider type.

If a provider is assessed at a moderate risk, onsite visits are also required to be conducted for those not already conducted as part of their enrollment with Medicare. According to federal regulation, state Medicaid agencies must adjust the categorical risk level of a particular provider from limited or moderate to high when any of the following situations occurs:

- A Medicaid agency imposes a payment suspension on a provider based on credible allegation of fraud, waste, or abuse. The provider's risk level remains high for ten years after the date the payment suspension was issued.
- A provider that, upon applying for enrollment or revalidation, is found to have an existing state Medicaid plan overpayment.
- The provider has been excluded by the Office of Inspector General or another state's Medicaid program in the previous ten years.
- A Medicaid agency or CMS, in the previous six months, lifted a temporary moratorium for the particular provider type and a provider that was prevented from enrolling based on the moratorium applies for enrollment as a provider any time within six months from the date the moratorium was lifted.

A high-risk provider, or a person with a five percent or more direct or indirect ownership in the provider, is subject to the fingerprint check requirement. The deadline to fully implement a fingerprint-based criminal background check process was June 1, 2018.

In response to the COVID-19 pandemic, the Authority obtained flexibilities under CMS approved blanket waivers effective March 1, 2020 through the end of the emergency declaration. These included the waiving of provider application fees, fingerprint-based criminal background checks, and site visits. It also allowed for the postponement of all revalidation actions and for the expedited processing of any pending and new provider applications. Additionally, the Department of Health announced a temporary extension for professional licenses, which are due for renewal between April 1 and September 30, 2020.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure providers were revalidated every five years or that

screening and fingerprint-based criminal background check requirements were met. The prior finding numbers were 2019-062, 2018-057.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled.

The Department did not have a process to adjust risk levels for providers during the audit period as required. It also did not implement a fingerprint-based criminal background check process. Both of these activities are required by federal regulations.

We used a statistically valid sampling method to randomly select and examine 59 out of a total population of 19,170 combined new and revalidated provider contracts that were executed during the audit period to determine if the Department had properly screened the provider based on their enrollment status and correctly determined their eligibility status. We examined the 59 selected contracts to determine if the Department took proper steps when conducting provider enrollment and revalidation. We found:

- Two instances where the Department could not provide the individual provider's contract. As a result, we were unable to determine:
 - If the contracts were reviewed or signed by Department staff
 - Whether the Department verified the individual providers were authorized to work in the United States
 - Whether the individual providers had valid picture identification
 - Whether the federal database checks were performed before the contracts were signed

Additionally, we randomly selected and examined 59 out of a total population of 47,514 existing individual ALTSA and DDA contracts that were active during the audit period but executed prior to the audit period. We examined the selected contracts to determine if the Department took proper steps when conducting provider enrollment and revalidation. We found:

- One instances where the Department could not provide the individual provider's contract. As a result, we were unable to determine:
 - Whether the Department verified the individual provider was authorized to work in the United States
 - Whether the individual provider had valid picture identification
 - Whether the federal database checks were performed before the contract was signed

- Five instances where the individual provider contract was signed prior to completion of federal database checks.

We also used a non-statistical sampling method to randomly select and examine 19 out of a total population of 167 nursing facilities contracts that were active during the audit period. We examined the selected contracts to determine if the Department took proper steps when conducting provider enrollment and revalidation. We found five instances where NPPES database checks for nursing facilities were not completed at revalidation. We did confirm that the checks were performed between 6 months and 23 months after the most recent revalidation was performed.

We found the Department had performed monthly SAM database checks, but management did not establish internal controls to ensure a review of all data match results was performed by staff. In addition, the Department did not have a documented process or procedure in place to ensure they terminate the provider applications or revalidations that are ineligible.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

Management did not ensure it established a process, policy or written procedures to screen and adjust revalidating providers to a “high” risk category, or to ensure these providers underwent the required fingerprint-based criminal background check, when applicable. The Department said it has established a risk adjustment process and a fingerprint-based back ground check process after the end of the audit period.

The Department said that it was unable to obtain the missing contracts, identification, and proof of authorization to work in the U.S. due to limited staff at field offices as a result of COVID-19. Regarding the contracts that were signed prior to the required federal database checks being performed, the Department asserted this was an acceptable practice.

In November 2017, the Department developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement. It was not until September of 2018 that the nursing facility screenings were completed due to delayed response, and the return of required forms, by the nursing facilities.

Effect of Condition

By not conducting required licensing, screening, and enrollment processes in a timely manner, the Department is at risk of not detecting or preventing ineligible providers from receiving federal Medicaid funds. Payments to providers who are suspended or debarred would be unallowable, and the Department could be required to repay the grantor for any such payments.

Recommendation

We recommend the Department:

Establish internal controls designed to bring it into material compliance with the provider revalidation process

- Complete required SAM checks at least monthly.
- Properly adjusts provider screening risk level
- Implement a process to conduct fingerprint-based criminal background checks for high-risk providers

Department's Response

The Department partially concurs with these findings.

The Department concurs we did not have comprehensive documentation outlining the entire process for the termination of provider applications or revalidations that are ineligible. However, the Department did terminate providers when necessary. The Department will codify the internal controls that are currently in place into a policy document to ensure continued compliance.

The Department concurs that initially the Department was not aware that NPPEs checks for any nursing facility contracted on or before March 25, 2001 were required to be conducted at least every five years with a completion date of September 25, 2016. The Department became aware of this requirement in 2018 and effective October 2018, has implemented and performed nursing facility NPI validations every five years in compliance with the requirement. In addition, the department has reviewed and completed revalidations for all nursing facilities that should have been revalidated during the period from September 2016 through October 2018. The Department is aware that this subset of revalidations were not completed timely and that the finding will persist through September 2021 or until these facilities are revalidated at the end of the subsequent five-year period.

The Department also concurs we did not provide the contract for two individual providers. Staff have been working remotely during the Covid-19 pandemic. Once it is safe for contract staff to return to the office, a thorough search will be conducted to locate these contracts. If the contracts are not located, then the Department will determine the next steps to ensure compliance.

The Department does concur that it needs to implement a fingerprint-based criminal background check process for high-risk providers. A work group will be identified to develop a policy and procedure to complete fingerprint based criminal background checks for high-risk providers. Subsequently, a stakeholder workgroup will be convened to provide an overview of rules and requirements. Once the policy and procedure are finalized, a training plan for all affected providers and staff will be established.

The Department does not concur that management did not establish internal controls to ensure a review of all data match results were performed by staff. The SAM check (formerly EPLS) is checked monthly and the Department takes appropriate actions when necessary. This process has been in place since 2014. To ensure continued compliance, this process will be codified in the policy document noted above.

Auditor's Remarks

We thank the Department for its cooperation and assistance throughout the audit. During our audit we determined that the Department had no policies or procedures assigning responsibilities over this process and management stated they relied on staff to perform this function without management review. We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (f) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 42 U.S. Code of Federal Regulations section 455 Subpart E – Provider Screening and Enrollment, states in part:

Section 455.410 Enrollment and screening of providers

- (a) The State Medicaid agency must require all enrolled providers to be screened under to this subpart.
- (b) The State Medicaid agency must require all ordering or referring physicians or other professionals providing services under the State plan or under a waiver of the plan to be enrolled as participating providers.
- (c) The State Medicaid agency may rely on the results of the provider screening performed by any of the following:
 - (1) Medicare contractors.
 - (2) Medicaid agencies or Children's Health Insurance Programs of other States.

Section 455.412 Verification of provider licenses

The State Medicaid agency must -

- (a) Have a method for verifying that any provider purporting to be licensed in accordance with the laws of any State is licensed by such State.
- (b) Confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

Section 455.414 Revalidation of enrollment

The State Medicaid agency must revalidate the enrollment of all providers regardless of provider type at least every 5 years.

Section 455.434 Criminal background checks

The State Medicaid agency -

- (a) As a condition of enrollment, must require providers to consent to criminal background checks including fingerprinting when required to do so under State law or by the level of screening based on risk of fraud, waste or abuse as determined for that category of provider.
- (b) Must establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program.
 - (1) Upon the State Medicaid agency determining that a provider, or a person with a 5 percent or more direct or indirect ownership interest in the provider, meets the State Medicaid agency's criteria hereunder for criminal background checks as a “high” risk to the Medicaid program, the State Medicaid agency will require that each such provider or person submit fingerprints.
 - (2) The State Medicaid agency must require a provider, or any person with a 5 percent or more direct or indirect ownership interest in the provider, to submit a set of fingerprints, in a form and manner to be determined by the State Medicaid agency, within 30 days upon request from CMS or the State Medicaid agency.

Section 455.434 Criminal background checks.

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- (a) As a condition of enrollment, must require providers to consent to criminal background checks including fingerprinting when required to do so under State law or by the level of screening based on risk of fraud, waste or abuse as determined for that category of provider.
- (b) Must establish categorical risk levels for providers and provider categories who pose an increased financial risk of fraud, waste or abuse to the Medicaid program.

- (1) Upon the State Medicaid agency determining that a provider, or a person with a 5 percent or more direct or indirect ownership interest in the provider, meets the State Medicaid agency's criteria hereunder for criminal background checks as a “high” risk to the Medicaid program, the State Medicaid agency will require that each such provider or person submit fingerprints.
- (2) The State Medicaid agency must require a provider, or any person with a 5 percent or more direct or indirect ownership interest in the provider, to submit a set of fingerprints, in a form and manner to be determined by the State Medicaid agency, within 30 days upon request from CMS or the State Medicaid agency.

Section 455.436 Federal database checks

The State Medicaid agency must do all of the following:

- (a) Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.
- (b) Check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe.
- (c)
 - (1) Consult appropriate databases to confirm identity upon enrollment and reenrollment; and
 - (2) Check the LEIE and EPLS no less frequently than monthly.

Section 455.450 Screening levels for Medicaid providers.

A State Medicaid agency must screen all initial applications, including applications for a new practice location, and any applications received in response to a re-enrollment or revalidation of enrollment request based on a categorical risk level of “limited,” “moderate,” or “high.” If a provider could fit within more than one risk level described in this section, the highest level of screening is applicable.

- (a) Screening for providers designated as limited categorical risk. When the State Medicaid agency designates a provider as a limited categorical risk, the State Medicaid agency must do all of the following:
 - (1) Verify that a provider meets any applicable Federal regulations, or State requirements for the provider type prior to making an enrollment determination.
 - (2) Conduct license verifications, including State licensure verifications in States other than where the provider is enrolling, in accordance with § 455.412.
 - (3) Conduct database checks on a pre- and post-enrollment basis to ensure that providers continue to meet the enrollment criteria for their provider type, in accordance with § 455.436.
- (b) Screening for providers designated as moderate categorical risk. When the State Medicaid agency designates a provider as a “moderate” categorical risk, a State Medicaid agency must do both of the following:
 - (1) Perform the “limited” screening requirements described in paragraph (a) of this section.
 - (2) Conduct on-site visits in accordance with § 455.432.
- (c) Screening for providers designated as high categorical risk. When the State Medicaid agency designates a provider as a “high” categorical risk, a State Medicaid agency must do both of the following:
 - (1) Perform the “limited” and “moderate” screening requirements described in paragraphs (a) and (b) of this section.
 - (2)
 - (i) Conduct a criminal background check; and
 - (ii) Require the submission of a set of fingerprints in accordance with § 455.434.
- (d) Denial or termination of enrollment. A provider, or any person with 5 percent or greater direct or indirect ownership in the provider, who is required by the State Medicaid agency or CMS to submit a set of fingerprints and fails to do so may have its -
 - (1) Application denied under § 455.434; or

- (2) Enrollment terminated under § 455.416.
- (e) Adjustment of risk level. The State agency must adjust the categorical risk level from “limited” or “moderate” to “high” when any of the following occurs:
 - (1) The State Medicaid agency imposes a payment suspension on a provider based on credible allegation of fraud, waste or abuse, the provider has an existing Medicaid overpayment, or the provider has been excluded by the OIG or another State's Medicaid program within the previous 10 years.
 - (2) The State Medicaid agency or CMS in the previous 6 months lifted a temporary moratorium for the particular provider type and a provider that was prevented from enrolling based on the moratorium applies for enrollment as a provider at any time within 6 months from the date the moratorium was lifted.

2020-053 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with federal requirements for completing recertification surveys in a timely manner.

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
 93.777 State Survey and Certification of Health Care Providers and Suppliers
 93.777 COVID-19 – State Survey and Certification of Health Care Providers and Suppliers
 93.778 Medical Assistance Program
 93.778 COVID-19 – Medical Assistance Program
Federal Grantor Name: U.S. Department of Health And Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL;
 1905WAINCT; 2005WA5MAP; 2005WA5ADM;
 2005WAIMPL; 2005WAINCT
Pass-through Entity: None
Pass-through Award/Contract Number: None
Applicable Compliance Component: Special Tests and Provisions – Provider Health and Safety Standards
Known Questioned Cost Amount: None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and usually accounts for about one-third of the State’s federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

Residential Care Services, under the Department of Social and Health Services, Aging and Long-Term Support Administration, is the State’s Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) survey agency. An ICF/IID is an institution with the primary purpose of providing health or rehabilitation services to people with intellectual disabilities or related conditions who receive care and services under Medicaid.

The Department must perform a federal recertification survey of each ICF/IID. The certification survey is a resident-centered inspection that gathers information about the quality of service provided in a facility to determine compliance with the participation requirements. The survey

focuses on the facility's administration and client services, as well as the outcome of the facility's implementation of ICF/IID active treatment services. The survey also assesses compliance with federal health, safety and quality standards designed to ensure clients receive safe and quality care services.

The state had five ICF/IID facilities that were Medicaid certified during state fiscal year 2020. Federal regulations require the state must complete a standard survey for each ICF/IID facility within 15.9 months after the previous survey. Additionally, the statewide average for all ICF/IID facility surveys must not exceed 12.9 months, as required by the Centers for Medicare and Medicaid Services (CMS). Federal regulations also require the calculation to be performed as of the end of the federal fiscal year. The Department uses a tracking spreadsheet to monitor and track the survey frequencies as well as the statewide average frequency to ensure it meets the statutory timeline requirements. Based on guidance from CMS, facilities that are in settlement agreements should not be included in the calculations. Due to three of the five facilities being in settlement agreements, the state had only two facilities that should be included in the calculation for federal fiscal year 2019.

If a survey uncovers deficiencies, the Department must mail a Statement of Deficiency (SOD) to the facility within 10 working days of the survey date, according to the State Operations Manual (SOM). The facility must submit a Plan of Correction (PoC) that the Department determines is acceptable within 60 calendar days of receipt or risk forfeiting its Medicaid certification. In addition to federal requirements, the Department has established its own policies and procedures requiring that it review a submitted PoC within five working days after receiving it. The Department initially created these policies and procedures for nursing home surveys. However, the Department extends the application of these policies and procedures to ICF/IID facilities. The Department uses another tracking spreadsheet to monitor and track these requirement to ensure they meet required timelines.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In prior audits we reported the Department did not have adequate internal controls to ensure it conducted timely surveys and followed up on deficiencies. The prior finding numbers were 2019-061, 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046.

Description of Condition

The Department did not have adequate internal controls over and did not comply with federal requirements for completing recertification surveys in a timely manner.

We examined the two recertification surveys that were the basis for calculating the statewide average for federal fiscal year 2019. We found that the Department did not meet the 12.9 month recertification requirement, because the statewide average for recertifications was 13.6 months.

We also examined the Department's tracking spreadsheet for SODs and PoCs and found two cases when dates were not entered correctly. We also found one instance when the Department did not ensure it received a timely PoC and did not follow up with the facility, and another when the PoC was not reviewed within five working days, as required.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance.

Cause of Condition

The Department did not meet the 12.9 month statewide average recertification requirement because it was incorrectly calculating the statewide average on a rolling average rather than using the federal fiscal year end, as required by federal regulations. The staff member responsible for monitoring that timelines are met was unaware that it was to be calculated and captured at the end of each federal fiscal year. Additionally, management did not monitor sufficiently to ensure that the compliance, or noncompliance, with federal survey timelines was tracked and documented at federal fiscal year end. The Department also did not adequately monitor its tracking spreadsheet to ensure dates were correctly entered and that PoC timelines were met.

Effect of Condition

By not meeting the statewide average requirement for recertification surveys, the Department has not met federal Medicaid requirements and could be subject to sanctions by the grantor.

Recommendations

We recommend the Department:

- Establish adequate internal controls to ensure compliance with facility survey timeliness requirements
- Ensure it accurately calculates the statewide average survey frequency based on the federal fiscal year end

Department's Response

The Department agrees with the audit finding.

The Department will modify its internal control used in calculating survey intervals by April 1, 2021 to ensure it accurately calculates the statewide average survey frequency based on the federal fiscal year end. In addition, the field manager and administrative staff will conduct

quarterly meetings to review the survey interval tracking spreadsheet to ensure information entered is accurate and Plan of Correction timelines are met.

Auditor's Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (g) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of

compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

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Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Title 42 U.S. Code of Federal Regulations, Part 442.109 Certification period for ICF/IIDs: General Provisions, states in part:

- (a) A survey agency may certify a facility that fully meets applicable requirements. The State Survey Agency must conduct a survey of each ICF/IID not later than 15 months after the last day of the previous survey.
- (b) The statewide average interval between surveys must be 12 months or less, computed in accordance with paragraph (c) of this section.
- (c) The statewide average interval is computed at the end of each Federal fiscal year by comparing the last day of the most recent survey for each participating facility to the last day of each facility's previous survey.

The Centers for Medicare and Medicaid Services, State Operations Manual, Chapter 2 – The Certification Process, states in part:

2138G – Schedule for Recertification

The SA completes a recertification survey an average of every 12 months and at least once every 15 months (see Section 2141)

2728 – Statement of Deficiencies and Plan of Correction, Form CMS–2567

The SA mails the provider/supplier a copy of Form CMS-2567 within 10 working days after the survey. If there are deficiencies, the SA allows the provider/supplier 10 calendar days to complete and return the PoC. Requirements pertaining to submittal of the PoC can be found in subsection B.

The Department of Social and Health Services, Residential Care Services Division *Standard Operating Procedure: Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) Chapter 16C2*, states in part:

Overview

Following the survey process and upon receipt of the statement of deficiencies, the facility must develop a Plan of Correction (PoC) to address all stated deficiencies outlined in the Statement of Deficiencies (SOD) within 10 calendar days of receipt of the SOD. Regulations allow certification of ICF/IID Facilities with deficiencies at the standard level “only if the facility has submitted an acceptable PoC for achieving compliance within a reasonable period of time acceptable to the Secretary.” Failure to submit a PoC could result in termination of the facility agreement.

Decisions on acceptance of the PoC by the survey team must occur within 5 working days of receipt by RCS.

Procedure

Surveyor/Complaint Investigator will:

1. Review the PoC within 5 working days of receipt of the PoC.

2020-054 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner.

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
 93.777 State Survey and Certification of Health Care Providers and Suppliers
 93.777 COVID-19 - State Survey and Certification of Health Care Providers and Suppliers
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Federal Grantor Name: U.S. Department of Health And Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL;
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Pass-through Entity: None
Pass-through Award/Contract Number: None
Applicable Compliance Component: Special Tests and Provisions – Provider Health and Safety Standards
Known Questioned Cost Amount: None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and usually accounts for about one-third of the State’s federal expenditures. The program spent about \$14.3 billion in federal and state funds during fiscal year 2020.

Residential Care Services, under the Department of Social and Health Services, Aging and Long-Term Support Administration, is the State’s nursing home survey agency. A Nursing Home facility is an institution with the primary purpose to provide 24-hour supervised nursing care, personal care, therapy, nutrition management, organized activities, social services, room, board and laundry to people who receive care and services under Medicaid.

The survey for certifying a nursing facility is a resident-centered inspection that gathers information about the quality of service furnished in a facility to determine compliance with the requirements for participation. The survey focuses on the nursing home’s administration and

patient services. The survey also assesses compliance with federal health, safety and quality standards designed to ensure patients receive safe and quality care services.

The Centers for Medicare and Medicaid Services (CMS) requires the state to complete standard surveys within 15.9 months after the previous survey, and the statewide average time between surveys must not exceed 12.9 months for nursing facilities. To ensure that the surveys are completed accurately and completely, a Field Manager reviews the survey documentation and signs off on a coversheet to indicate they completed their review. If a survey uncovers deficiencies, the Department must deliver a Statement of Deficiency (SOD) to the facility within 10 working days of the survey date. The facility must then submit a Plan of Correction (PoC) for all compliance issues that occurred (Ftags). The Department then individually determines that each Ftag is acceptable within 60 calendar days of receipt, or the facility risks forfeiting its Medicaid certification. The receipt of PoCs is monitored by staff members who are responsible for informing team coordinators that PoCs are ready for review.

In addition to federal requirements, the Department has established its own policies and procedures requiring that it review a submitted PoC within five working days after receiving it. The Department uses the Electronic Plan of Correction System (ePOC) to monitor and track these requirements to ensure they meet required timelines.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Department did not have adequate internal controls to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner.

The Department complied with federal regulations that require the Department to survey nursing homes every 15.9 months and meet a statewide average of 12.9 months. However, the tools the Department were using to track this were calculated on a rolling average instead of calculating based on the federal fiscal year end, as required by federal regulations. In addition, the Department could not provide documentation to support that it had established or used a formalized monitoring or review process to ensure it would be compliant at federal fiscal year end.

We used a non-statistical sampling method to randomly select and examine 17 of 129 nursing home surveys completed during the audit period, which also contained 548 Ftags. We found:

- One instance when the Field Manager did not sign off on the coversheet, indicating their review
- Ten instances when the Department did not have documented evidence of the notification to the team coordinator to inform them that a PoC was ready for review

- One SOD was not sent within 10 working days as required by federal law
- Eight of the 548 reviewed Ftags were reviewed late

We consider these internal control deficiencies to be a material weakness.

The issue was not reported as a finding in the prior audit.

Cause of Condition

The Department has not established written policies and procedures to identify and assign responsibility for ensuring compliance is monitored and met. While the Department provided information about monitoring controls it stated were in place, these reviews and monitoring were not documented or verifiable. In addition, the Department relied on email communications to document the notifications that PoCs were ready for review, but did not keep some of that documentation.

Effect of Condition

By not ensuring adequate internal controls are in place, the Department risks not meeting the federal Medicaid requirements and could be subject to sanctions by the grantor.

Recommendations

We recommend the Department establish and follow written policies and procedures that include the assignment of monitoring and oversight responsibilities and methods of documenting such reviews

Department's Response

The Department agrees the current monitoring practices and internal controls in place, which have resulted in compliance with federal survey interval requirements for years, is not adequately documented.

By October 2021, the Department will develop policies and procedures documenting the current survey monitoring and oversight responsibilities. Policies and procedures will include the current practice of each region and field office unit establishing master survey schedules in September and monitoring these scheduled surveys month to month to meet the statewide federal 15.9 and 12.9 averages by the end of the federal fiscal year. The Regional Administrators and Office Chief will be directed to oversee internal controls month to month to ensure the Department has met its averages.

Auditor's Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

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noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Title 42 U.S. Code of Federal Regulations, Part 488.308 Survey frequency, states in part:

- (a) *Basic Period.* The survey agency must conduct a standard survey of each SNF and NF not later than 15 months after the last day of the previous standard survey.
- (b) *Statewide average interval.* The statewide average interval between standard surveys must be 12 months or less, computed in accordance with paragraph (d) of this section
- (d) *Computation of statewide average interval.* The statewide average interval is computed at the end of each Federal fiscal year by comparing the last day of most recent standard survey for each participating facility to the last day of each facility's previous standard survey.

The Centers for Medicare and Medicaid Services, State Operations Manual, Chapter 2 – The Certification Process, states in part:

2138G – Schedule for Recertification

The SA completes a recertification survey an average of every 12 months and at least once every 15 months (see Section 2141)

2728 – Statement of Deficiencies and Plan of Correction, Form-2567

The SA mails the provider/supplier a copy of form CMS-2567 within 10 working days after the survey. If there are deficiencies, the SA allows the provider/supplier 10 calendar days to complete and return the PoC. Requirements pertaining to submittal of the PoC can be found in subsection B.

The Department of Social and Health Services, Residential Care Services Division *Standard Operating Procedure: Enforcement Chapter 7B3*, states in part:

Background

The Department will review the ePOC within 5 working days of receipt and will verify that it is acceptable. The NH may specify in the ePOC that they are not in agreement with the findings within the SOD report but this does not alter the NH's responsibility to submit an acceptable ePOC.

Off-site POC Review

The Surveyor will:

1. Review the ePOC within five (5) working days of receipt and confirm that the POC for each deficiency includes:
 - a. How the NH will correct the deficiency for each numbered resident;
 - b. How the NH will protect residents from similar situations;
 - c. Measures the NH will take or the systems it will change to ensure that the problem does not recur;
 - d. How the NH plans to monitor its ongoing performance to sustain compliance;
 - e. Dates corrective action will be completed; and
 - f. Title of person responsible for correction

2020-055 The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it responded promptly to complaints for Medicaid hospitals.

CFDA Number and Title: 93.775 State Medicaid Fraud Control Units
 93.777 State Survey and Certification of Health Care Providers and Suppliers
 93.777 COVID-19 - State Survey and Certification of Health Care Providers and Suppliers
 93.778 Medical Assistance Program
 93.778 COVID-19 - Medical Assistance Program
Federal Grantor Name: U.S Department of Health and Human Services
Federal Award Number: 1905WA5MAP; 1905WA5ADM; 1905WAIMPL;
 1905WAINCT; 2005WA5MAP; 2005WA5ADM;
 2005WAIMPL; 2005WAINCT
Pass-through Entity: None
Pass-through Award/Contract Number: None
Applicable Compliance Component: Special Tests and Provisions – Provider Health and Safety Standards
Known Questioned Cost Amount: None

Background

Medicaid is a jointly funded state and federal partnership providing coverage for about 1.9 million eligible low-income Washington residents who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and usually accounts for about one-third of the State’s federal expenditures. The program spent over \$14.3 billion in federal and state funds during fiscal year 2020.

The Centers for Medicare and Medicaid Services (CMS), which administers the program at the federal level, relies on states to regulate and license hospitals that serve Medicaid clients. Medicaid coverage for hospitals is authorized only when the facility is licensed by the state and certified by either the state survey agency (for non-deemed hospitals) or an accrediting organization (for deemed hospitals). The term “deemed” means the facility has voluntarily requested and received permission from the CMS to be certified by an accrediting organization, while hospitals that are “non-deemed” have not.

The Department of Health (Department) is the state licensing agency and is also responsible for investigating hospital complaints that meet the federal-prioritization level. The Department's Office of Health Systems Oversight (OHSO) is responsible for coordinating and performing investigation surveys. The Department's Office of Investigation and Legal Services (OILS) is the front line response system for providing the intake and assignment functions for complaints from staff, patients, accrediting organizations, and the public.

Deemed hospitals are surveyed for CMS certification by their accrediting organizations. However, the Department performs an investigation survey for complaints that meet the federal-prioritization level.

Complaints can be submitted to the OILS online or by mail, email, or telephone. OILS uses the Integrated Licensing and Regulatory System (ILRS) to input, prioritize, and track complaints. OILS intake staff review all report types regardless of delivery method before entering them into ILRS. OILS checks for imminent danger and then delivers the complaint to the Office of Customer Service, where the paper file is scanned into a secure drive. Finally, the intake staff determine which Office or Commission within the Department to route the complaint to for further assessment.

In fiscal year 2020, OILS received 22,216 complaints, of which 1,173 were valid hospital complaints.

Complaints can also be submitted to OHSO as a result of an onsite investigation already being conducted by the Department, from an accrediting organization, or directly from CMS. Once a complaint has been identified as meeting the federal threshold for an investigation, the complaint is entered into the ASPEN Complaint Tracking System (ACTS). OHSO is responsible for reviewing, prioritizing, and tracking the complaints. The following table lists the four priority levels for new complaints and their respective federal response times for non-deemed hospitals:

Priority levels and response times for non-deemed hospitals

Priority Levels	Required Response
Immediate Jeopardy	Initiate onsite survey within 2 working days of receipt
Non-Immediate Jeopardy High	Initiate onsite survey within 45 calendar days of prioritization
Non-Immediate Jeopardy Medium	Must investigate no later than when the next onsite survey occurs
Non-Immediate Jeopardy Low	Must track/trend for potential focus areas during the next onsite survey

The Department has full jurisdiction for complaints received against non-deemed hospitals. However, if a hospital is deemed and certified by an accrediting organization, the Department must receive CMS regional office authorization before investigating the complaint. The following table lists the four priority levels for complaints and their respective federal response times for deemed hospitals:

Priority levels and response times for deemed hospitals

Priority Levels	Required Response
Immediate Jeopardy	Initiate onsite survey within 2 working days of receipt of regional office authorization
Non-Immediate Jeopardy High	Initiate onsite survey within 45 calendar days of receipt of regional office authorization
Non-Immediate Jeopardy Medium	Complainant is referred to the applicable accrediting organization(s)
Non-Immediate Jeopardy Low	Complainant is referred to the applicable accrediting organization(s)

In addition to the federal timelines listed above, Washington Administrative Code (WAC) 246-14-040 states in part (2) that the basic time period for initial assessment is 21 days.

The CMS State Operations Manual requires an assessment of each hospital complaint to be made by an individual who is professionally qualified to evaluate the nature of the problem based on his or her knowledge and experience of current clinical standards of practice and federal requirements. The complaints are then assigned to the field staff.

Case managers from the OHSO unit review the complaints for immediate jeopardy. If it does not identify immediate jeopardy, it prioritizes the complaint at the next weekly case management meeting. Once a decision is made that the complaint meets the federal-prioritization level for investigation, the case manager assigns the complaint to field staff or, for non-deemed hospitals, requests authorization from the regional office through ACTS to initiate an investigation.

In fiscal year 2020, the OHSO identified 94 hospital complaints meeting the federal threshold for investigation. OHSO field staff investigate the complaint and perform follow-up within the assigned priority time.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure complaints were responded to promptly. The prior finding number was 2019-046.

Description of Condition

The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it responded promptly to complaints for CMS certified hospitals.

We found OHSO had drafted policies and procedures, which were implemented part-way through the audit period, but they were not approved and in place throughout the audit period to ensure compliance with federal timelines. Federal regulations require written policies and procedures over this requirement be in place.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

Multiple offices were involved with the intake and processing of complaints before reaching the Department staff who made the determinations about how to properly prioritize the complaints. Management acknowledged the Department was short on intake staff, and OILS filled two positions during the audit period to catch up with the backlog of complaints. The Department also said it assigned temporary staff to assist with the backlog of complaints before being able to hire additional staff, but this only affected the compliance rates for the final three months of the audit period.

OHSO adopted policies and procedures during the audit period. However, these were still in draft form.

The lack of staff and finalized policies and procedures prevented the Department from ensuring timely responses to hospital complaints.

Effect of Condition

The Department did not comply with the requirements related to assessment of and response to complaints.

We used a statistical sampling method to randomly select 57 of 1,173 total hospital complaints received by OILS and found 19 (33 percent) complaints were not initially assessed within 21 days, as required by state rule. We observed that, after the Department became aware of this issue and assigned additional staff to help with the backlog, the noncompliance rate lowered to zero for the final six months of the audit period.

Additionally, we used a non-statistical sampling method to randomly select 15 of 94 total hospital complaints that met the federal-deficiency threshold for investigation and found one (7 percent) non-immediate jeopardy high prioritized complaint that was not investigated within the federal requirement of 45 calendar days.

When complaints are not prioritized and investigated in a timely manner, vulnerable patients are at a higher risk of abuse, neglect and substandard care.

Recommendation

We recommend the Department continue with its plan to improve its staffing and strengthen its internal controls to ensure it responds to hospital complaints, as required by state and federal regulations.

Department's Response

We appreciate the State Auditor's Office (SAO) audit of CMS hospital complaint response. DOH is committed to ensuring our programs comply with federal regulations and understand that it is SAO's point of view that we were not in compliance with the state and federal timelines. As mentioned above, the department has hired additional staff to assist with the intake process. These efforts did lower our noncompliance rate to zero in the last six months of the audit period. We are confident that this will help ensure future compliance related to timelines. During last year's audit, we reviewed our processes with CMS and received a letter stating that they agree with the processes that were currently in place. These processes were incorporated into a draft protocol that staff were utilizing during the audit period. The draft protocol is estimated to be approved by upper management in early 2021. It should be noted that the one exception for complaints not meeting federal-deficiency threshold for investigation, mention above, would have been compliant under this protocol.

Auditor's Remarks

We thank the Department for its cooperation and assistance throughout the audit. We will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United

States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (i) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective

is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

Centers for Medicare and Medicaid, The State Operations Manual, Chapter 5 – Complaint Procedures, revised 07-19-19:

5010 – General Intake Process states in part:

Each SA is expected to have written policies and procedures to ensure that the appropriate response is taken for each complaint. This structure needs to include response timelines and a process to document actions taken by the SA in response to complaints.

5075.2 – Non-Immediate Jeopardy – High Priority (for Nursing Homes and Deemed and Non-Deemed Non-Long Term Care Providers/Suppliers) states in part:

Intakes assigned this priority require an onsite survey to be initiated within 45 calendar days after intake prioritization for non-deemed providers/suppliers, and within 45 calendar days after authorization of the investigation by the RO for deemed status providers/suppliers. The RO has the discretion to request the onsite survey be initiated in less than 45 calendar days.

Washington Administrative Code WAC 246-14-040 Initial assessment of reports states:

- (1) Initial assessment is the process of determining whether a report warrants an investigation and becomes a complaint. The complainant and credential holder or applicant will be notified as soon as possible after the initial assessment is complete.
- (2) The basic time period for initial assessment is twenty-one days.
- (3) All reports will be reviewed for imminent danger within two working days. If imminent danger is identified, the report will be immediately forwarded for processing

2020-056 The Health Care Authority improperly charged \$20,000 for payments made to providers under the State Opioid Response grant.

CFDA Number and Title:	93.788, State Opioid Response
Federal Grantor Name:	U.S Department of Health and Human Services
Federal Award/Contract Number:	5H79TI080249-02; 6H79TI026803-02M001; 6H79TI026803-02M004; 1H79TI081705-01; 5H79TI081705-02; 3H79TI081705-01S1; 6H79TI081705-01M003
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed Allowable Costs / Cost Principles
Questioned Cost Amount:	\$20,000

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the State Opioid Response (SOR) program. The Authority subawards funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and recovery services. The Authority spent more than \$37 million in grant funds during fiscal year 2020.

The SOR program is intended to fund services and practices that have a demonstrated evidence base and that are appropriate for the focus populations. When Authority program managers receive reimbursement requests from providers, they verify whether the provider has met the contract terms and conditions and the requests are for allowable activities and meet federal cost principles.

Once verified, the requests are forwarded to the Authority's Financial Unit for further review and disbursement. The Fiscal Unit Manager or Supervisor reviews each reimbursement request to ensure account coding, program approvals and amounts are correct and that charges are related to the appropriate time period.

Description of Condition

We found the Authority had adequate internal controls to ensure material compliance with requirements over payments to providers. However, we found the Authority processed a payment to a provider for more than was allowable under contract terms.

We used a statistical sampling method to randomly select and examine 56 of 628 payments to providers. We examined the supporting documentation for each payment request and found one instance (1.8 percent) when the Fiscal Analyst notified the Program Supervisor that the requested amount exceeded the amount allowed under the contract terms. The Program submitted an updated payment request with the appropriate amount. However, the original requested amount was paid.

Federal regulations require the auditor to issue a finding when the known or estimated questioned costs identified in a single audit exceed \$25,000. We are issuing this finding because, as stated in the Effect of Condition and Questioned Costs section of this finding, the estimated questioned costs exceed that threshold.

This issue was not reported as a finding in the prior audit.

Cause of Condition

Staff followed documented procedures and identified the charges that exceeded the allowable contracted amount. However, the incorrect amount was paid.

Effect of Condition and Questioned Costs

The Authority charged \$20,000 in payments to providers that exceeded the amount allowed under contract terms. We estimate the likely questioned costs to be \$40,952.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3). To ensure a representative sample, we stratified the population by dollar amount.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Authority:

- Ensure payments to providers do not exceed contract terms
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Authority's Response

The Authority concurs with the finding and will work with the grantor regarding the questioned costs.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater

than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

2020-057 The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Targeted Response and State Opioid Response grants received required risk assessments.

CFDA Number and Title:	93.788, State Targeted Response and State Opioid Response
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	5H79TI080249-02; 6H79TI026803-02M001; 6H79TI026803-02M004; 1H79TI081705-01; 5H79TI081705-02; 3H79TI081705-01S1; 6H79TI081705-01M003
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the State Targeted Response (STR) and State Opioid Response (SOR) program. The Authority subawards funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and recovery services. The Authority spent more than \$37 million in grant funds during fiscal year 2020. Of this amount, the Authority passed about \$28.8 million to 98 subrecipients.

To determine the appropriate level of monitoring, federal regulations require the Authority to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

In the prior audit, we reported the Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid STR and SOR grants received the required risk assessments. The prior finding number was 2019-066.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid STR and SOR grants program received required risk assessments.

The Authority did not establish an effective monitoring process to ensure subrecipients of the SOR program received required risk assessments.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance.

Cause of Condition

The oversight of the SOR program was transferred from the Department of Social and Health Services to the Authority in 2018. Since then, the Authority has established a multi-divisional work group for subrecipient monitoring. However, the Authority has not implemented an effective risk assessment process.

Effect of Condition

We reviewed the two subrecipients that should have received risk assessments during the audit period and found one (50 percent) did not receive the required risk assessment.

Without adequate monitoring procedures, the Authority cannot ensure risk assessments are performed consistently and analyze the proper criteria, which would ensure consistency in determining the appropriate amount of monitoring for each subrecipient.

Recommendations

We recommend the Authority:

- Establish internal controls and adequate monitoring procedures to ensure required risk assessments are performed
- Ensure the results of the risk assessments are used to determine how much and what type of monitoring of subrecipients will be performed, as required by federal law

Authority's Response

The Authority concurs with the finding. The multi-divisional subrecipient monitoring workgroup has developed and approved an effective risk assessment process and staff training is currently being scheduled.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.331 Requirements for pass-through entities, states in part:

All pass-through entities must:

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with

- Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).
- (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.208.
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
- (1) Providing subrecipients with training and technical assistance on program-related matters; and
 - (2) Performing on-site reviews of the subrecipient's program operations;
 - (3) Arranging for agreed-upon-procedures engagements as described in §200.425.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-058 The Department of Children, Youth, and Families improperly charged \$135,686 for salaries and benefits to the Maternal, Infant, and Early Childhood Home Visiting grant.

CFDA Number and Title:	93.870, Maternal, Infant, and Early Childhood Home Visiting
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	7X10MC32742-01-00, 1X10MC33616-01-00
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Questioned Cost Amount:	\$135,685

Background

The Home Visiting Services Account (HVSA) was established by the state Legislature in 2010, and a portion of the funds for the HVSA are provided through the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) federal grant. The grant is managed by the Department of Children, Youth, and Families (Department).

MIECHV programs are intended to support and strengthen cooperation and coordination and to promote links between various programs that serve pregnant women, expectant fathers, young children, and families in tribal communities and result in high-quality, comprehensive early childhood systems in every community.

The Department is allowed to request federal reimbursement for salaries and benefits for MIECHV program activities. The Department established a process in which employees who spend 100 percent of their time working on the grant must submit semi-annual certification. Employees who work on multiple grants must submit timesheets to track daily activities performed for each grant. Twice a month, these employees complete and sign a timesheet and submit it to their direct supervisor for approval. The supervisor reviews and approves the employee's timesheet to ensure they are correctly charging time to the program.

The Department's Cost Allocation Unit sets up cost objectives to allocate initial payroll costs to the program based on a budgeted percentage. Each month, employees submit approved timesheets to the unit, where staff compare the percentage of the budgeted allocation to the percentage of actual hours worked for the program. Staff use the difference between the time budgeted and the

time actually worked to create accounting adjustments to ensure the payroll costs charged to the grant are based on actual hours worked.

The Department spent about \$9.3 million in federal grant funds during fiscal year 2020. Of this amount, the Department claimed \$680,028 in federal grant money for program salaries and benefits. This amount represented about 7 percent of total grant expenditures.

In prior audits, we reported the Department did not have adequate internal controls over and did not comply with requirements to ensure payroll costs charged to the Maternal, Infant, and Early Childhood Home Visiting grant were allowable and properly supported. The prior finding number was 2019-067. We determined finding number 2019-067 to have been resolved.

Description of Condition

The Department of Children, Youth, and Families improperly charged \$135,686 in salaries and benefits to the MIECHV grant.

We found the Department established adequate internal controls to ensure it materially complied with requirements over reimbursements for salaries and benefits. However, we found the Department charged some payroll expenditures to the MIECHV grant that were not adequately supported.

Employees who charge all their time to the grant

During the audit period, the Department did not complete semi-annual certifications to ensure that two employees charging 100 percent of their time to the federal grant for the MIECHV program was allowable and properly supported.

Employees who work on multiple grants

We used a non-statistical sampling method to randomly select and examine five months from a total population of 12 months. The samples we reviewed included 12 employees, 103 timesheets and 12 journal vouchers. We found one instance when the Department used the wrong timesheet to adjust differences from the original budgeted payroll costs charged to the grant.

Federal regulations require the auditor to issue a finding when the known or estimated questioned costs identified in a single audit exceed \$25,000. We are issuing this finding because the known questioned costs we identified exceeded this threshold.

Cause of Condition

The Department said the semi-annual certifications were not completed because of limited staffing resources. It further said that the one instance when the wrong timesheet was used was an isolated oversight.

Effect of Condition and Questioned Costs

Employees who charge all their time to the grant

For the two employees whose semi-annual certifications were not completed, we identified known questioned costs that totaled \$132,178.

Employees who work on multiple grants

For the one instance when the Department used the wrong timesheet to adjust costs charged to the grant, we identified \$3,508 in known questioned costs.

In total, the Department charged \$135,686 in payroll to the MIECHV grant that was not adequately supported. We used a non-statistical sampling method and estimate likely questioned costs to be \$140,596.

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendation

We recommend the Department consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Department's Response

The Department agrees that payroll certifications were not completed timely, but maintains that the two employees charged to the grant were allowable and that the MIECHV program staff review direct charges monthly.

In March 2020, the Washington State Governor imposed the Stay Home, Stay Healthy order requiring teleworking of all employees, including the DCYF cost allocation and grants unit that are involved in completing the payroll certifications and journal vouchers. Teleworking has created a resource issue for the cost allocation and grants unit due to the inability to process large amounts of data and journal vouchers via the state's virtual private network resulting in an increase in data transmission time and a loss of productivity.

In addition, because of the Covid-19 pandemic and economic issues, the Governor imposed a hiring freeze and furloughs on all state agencies. With already limited staffing, the cost allocation and grants unit employee resources were reallocated to manage the Covid-19 pandemic and funding related tasks. Because of this the department needed to become more agile in our everyday processes and focus resources in the most vital areas.

Auditor's Remarks

The Department's policies and procedures require the documentation of semi-annual time certifications for Department staff who work 100 percent of their time on a federal grant. By not documenting these certifications, the Department did not meet the requirements under 2 CFR 200.430(i)(1)(ii) and (v) – *Standards for documentation of personnel expenses*.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the sample

purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.430 Compensation-personal services states in part:

(a) *General.* Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

(2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

(3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

(c) Professional activities outside the non-Federal entity. Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

(1) Non-Federal entity activities, and

(2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis

(i) Standards for Documentation of Personnel Expenses

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program

performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

Section 200.516 Audit findings, states in part:

(a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

(3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

2020-059 The Health Care Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period-of-performance requirements.

CFDA Number and Title:	93.959, Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	3B08TI010056-18S2, 6B08TI010056-18M002, 2B08TI010056-19, 3B08TI010056-19S1, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Allowable Costs / Cost Principles Period of Performance
Questioned Cost Amount:	\$431,797

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority provides federal funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Authority spent more than \$54.8 million in grant funds during fiscal year 2020.

The Authority can use grant funds only for costs that are allowable, related to the grant's purpose and incurred during the period of performance, as specified in the grant's terms and conditions. The Authority establishes new cost objectives and allocation codes to ensure expenditures are charged to the proper grants when a new federal grant is received and at the beginning of the federal fiscal year. When reimbursement requests are received, program managers are responsible for reviewing supporting documentation to determine if the services billed are for an allowable activity or cost and if they meet the period of performance requirements under the grant. Fiscal managers are also responsible for ensuring that payments are coded to the correct time period.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period of performance requirements.

The Authority did not establish an effective review and approval process to ensure payments from the program met period of performance requirements.

We used a statistical sampling method to randomly select and examine 57 of 869 payments to providers and contractors. Additionally, we judgmentally selected and examined 13 of 69 payments made during the 90 day grant liquidation period and 16 of 98 payments made after the liquidation period. We examined the supporting documentation for each payment to ensure they were allowable and took place during the period of performance. We found:

- One reimbursement (2 percent) did not receive program approval and occurred prior to the grant opening, which was outside of the period of performance
- Four payments (31 percent) made during the liquidation period for services and purchases that occurred after the period of performance
- Three payments (19 percent) made after the liquidation period for services and purchases that occurred after the period of performance

We consider these internal control deficiencies to be a significant deficiency.

This issue was not reported as a finding in the prior audit.

Cause of Condition

The Authority said the noncompliance was due to staff errors that management did not detect, such as costs being charged to the wrong year or allocation code.

Effect of Condition and Questioned Costs

By not having adequate internal controls in place, the Authority is at a higher risk of making improper payments.

We identified \$431,797 in questioned costs that were paid outside the program's period of performance. Because we used a statistically valid sampling method to randomly select the payments examined in the audit, we estimate the total amount of likely improper payments paid with federal funds to be \$6,477,739.

Our sampling methodology meets statistical sampling criteria under generally accepted auditing standards in AU-C 530.05. It is important to note that the sampling technique we used is intended to support our audit conclusions by determining if expenditures complied with program requirements in all material respects. Accordingly, we used an acceptance sampling formula

designed to provide a high level of assurance, with a 95 percent confidence of whether exceptions exceeded our materiality threshold. Our audit report and finding reflects this conclusion. However, the likely improper payment projections are a point estimate and only represent our “best estimate of total questioned costs” as required by 2 CFR 200.516(3).

We question costs when we find an agency has not complied with grant regulations or when it does not have adequate documentation to support its expenditures.

Recommendations

We recommend the Authority:

- Improve its internal controls to ensure account coding is correctly applied to each transaction to ensure payments are charged to the correct grant in compliance with period of performance requirements
- Ensure accounting adjustments are properly reviewed and approved so they meet program and period of performance requirements
- Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid

Authority’s Response

The Authority concurs with the finding and will work to improve internal controls for the period of performance compliance requirements.

Auditor’s Remarks

We appreciate the Authority’s commitment to resolving this matter. We will follow up with the Authority in the next audit.

Applicable Laws and Regulations

Title 42 *United States Code* 300x–62, *Availability to States of grant payments* establishes the following applicable requirements:

Any amounts paid to a State for a fiscal year under section 300x or 300x–21 of this title shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were paid.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.53 Improper Payments states:

- (a) *Improper payment* means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; and
- (b) *Improper payment* includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.403 Factors affecting Allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

Section 200.410 Collection of unallowable costs.

Payments made for costs determined to be unallowable by either the Federal awarding agency, cognizant agency for indirect costs, or pass-through entity, either as direct or indirect costs, must be refunded (including interest) to the Federal Government in accordance with instructions from the Federal agency that determined the costs are unallowable unless Federal statute or regulation directs otherwise. See also Subpart D—Post Federal Award Requirements of this part, §§200.300 Statutory and national policy requirements through 200.309 Period of performance.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.
- (3) Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor must also report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of

a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-060 The Health Care Authority did not have adequate internal controls over and did not comply with cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse.

CFDA Number and Title:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	2B08TI010056-19, 3B08TI010056-19S1, 3B08TI010056-18S2, 6B08TI010056-18M002, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Cash Management
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority provides federal funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Authority spent more than \$54.8 million in grant funds during fiscal year 2020.

The Authority operates the program in accordance with federal laws and regulations, including the Cash Management Improvement Act (CMIA) agreement between the State and the U.S. Department of Treasury. The primary purpose of the CMIA agreement is to ensure states request federal funds exactly when they are needed and that no interest is gained or lost by either the federal or state governments. The agreement specifies the funding technique the Authority should use when requesting federal funds. For the Block Grants for Prevention and Treatment of Substance Abuse program, the Authority must draw funds semi-monthly, according to the state payroll schedule.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Health Care Authority did not have adequate internal controls over and did not comply with cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse.

When the Authority drew down federal funds, it ensured the amounts drawn were correct based on actual payments. However, the Authority did not effectively monitor its federal drawdown frequency to ensure it complied with the CMIA.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance. The issue was not reported as a finding in the prior audit.

Cause of Condition

The Authority said that a vacant staff position and the need to complete accounting adjustments for the Block Grants for Prevention and Treatment of Substance Abuse resulted in drawdowns not occurring as required.

Effect of Condition

We determined 24 semi-monthly draws should have occurred during state fiscal year 2020. However, the Authority only made 16 draws that occurred the day before a state payday. There were 8 (33 percent) paydays that did not have a corresponding draw, including no draws in October 2019 or January 2020.

Violations of the CMIA can result in the grantor denying the state payment or credit for the resulting federal interest liability or other sanctions. Delaying federal drawdown requests also results in state funds being advanced longer than necessary and lost interest revenue for the state.

By not establishing adequate internal controls, the Department cannot ensure that draw amounts are requested in a timely manner.

Recommendation

We recommend the Authority improve its monitoring to ensure cash draws are performed, as required by the state's CMIA agreement.

Authority's Response

The Authority concurs with the Cause and Effect of Condition; however, disagrees with the Description of Condition, specifically that the Authority did not have adequate internal controls to monitor the drawdowns.

In most cases, the decision not to do drawdowns was a result of monitoring the award and identifying pending adjustments that could have resulted in negative expenditures. The Authority was acting in the spirit of CMIA, which is to promote greater efficiency, effectiveness, and equity

in the transfer of funds between the federal government and states; and for neither to suffer or benefit financially as a result of transferring funds.

The Authority will work to improve the documentation around drawdown decisions to ensure compliance with federal requirements, including the CMLA.

Auditor's Remarks

We appreciate the Authority's commitment to improving its documentation to demonstrate its compliance with federal regulations. We reaffirm our finding and will follow-up on this matter in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:

- (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 31 U.S. Code of Federal Regulations Part 205, *Uniform Rules and Procedures For Efficient Federal-State Funds Transfers* establishes the following applicable requirements:

Section 205.29 What are the State oversight and compliance responsibilities states in part:

- (d) If a State repeatedly or deliberately fails to request funds in accordance with the procedures established for its funding techniques, as set forth in §205.11, §205.12, or a Treasury-State agreement, we may deny the State payment or credit for the resulting Federal interest liability, notwithstanding any other provision of this part.
- (e) If a State materially fails to comply with this subpart A, we may, in addition to the action described in paragraph (d) of this section, take one or more of the following actions, as appropriate under the circumstances:
 - (1) Deny the reimbursement of all or a part of the State's interest calculation cost claim;
 - (2) Send notification of the non-compliance to the affected Federal Program Agency for appropriate action, including, where appropriate, a determination regarding the impact of non-compliance on program funding;

- (3) Request a Federal Program Agency or the General Accounting Office to conduct an audit of the State to determine interest owed to the Federal government, and to implement procedures to recover such interest;
- (4) Initiate a debt collection process to recover claims owed to the United States; or
- (5) Take other remedies legally available.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

The 2020 Cash Management Improvement Act Agreement between the State of Washington and the Secretary of the Treasury, United States Department of the Treasury, states in part:

6.2 Description of Funding Techniques, 6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Modified Direct Program Costs -Admin, Payroll, Payments to Providers (ACH Drawdown on Payroll Cycle)

The State shall request funds for all direct administrative costs and/or payroll costs, and/or payments made to providers and to support providers. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. The State payroll cycle is payday twice a month. Draws made day before payday are for deposit on payday. The draw request will be made in accordance with cut-off time in Exhibit 1. The amount of the funds requested shall be based on the amount of expenditures recorded for direct administrative costs and/or payroll costs and/or payments made to providers or to support providers since the last request for funds. This funding technique is interest neutral.

6.3 Application of Funding Techniques to Programs, 6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs, Below are programs listed in Section 4.2 and Section 4.3.

93.959 Block Grants for Prevention and Treatment of Substance Abuse

Recipient: 107---Healthcare Authority---HCA

% of Funds Agency Receives: 100.00

Component: Administrative costs including payroll

Technique: Modified Direct Program Costs - Admin, Payroll, Payments to Providers (ACH Drawdown on Payroll Cycle)

Average Day of Clearance: 0 Days

2020-061 The Health Care Authority did not have adequate internal controls over and did not comply with federal level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.

CFDA Number and Title:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	3B08TI010056-18S2, 6B08TI010056-18M002, 2B08TI010056-19, 3B08TI010056-19S1, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Level of Effort
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority provides federal funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Authority spent more than \$54.8 million in grant funds during fiscal year 2020.

Federal regulations require the Authority to maintain state spending at certain levels to meet federal grant requirements. Specifically, for the Block Grants for Prevention and Treatment of Substance Abuse, the Authority must maintain state spending for:

- Treatment services for pregnant women and women with dependent children at a level that is not less than the amount spent for the same services in 1994
- Authorized activities at a level that is not less than the average of the previous two years spending for the program

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Health Care Authority did not have adequate internal controls over and did not comply with federal level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.

To monitor state funding levels, the Authority runs reports from its accounting system each quarter to determine if current expenditures are on track to meet the level-of-effort requirements for all open grant awards. Upon closing each grant, the Authority also runs a final report to ensure the requirements were met. Throughout the year, fiscal staff did not run the reports correctly or monitor them to ensure spending level requirements were met.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance. The issue was reported as a finding in the prior audit as finding 2019-069.

Cause of Condition

Authority staff were new to and unfamiliar with some of the procedures and reports used to monitor level-of-effort requirements. The reports that were prepared used incorrect instructions, which resulted in incorrect information to reflect state spending levels. In addition, during the State's fiscal year-end adjustment period, the Authority transferred allowable state funded expenditures to the federal grant, but did not subsequently monitor final state expenditure levels to ensure they met the spending requirements.

Effect of Condition

During the audit period, the Authority was required to maintain expenditures for pregnant women and women with dependent children at not less than the calculated fiscal year 1994 base of \$5,186,165. The Authority was also required to maintain state expenditures at no less than the average of the prior two fiscal year spending levels, or \$115,110,693. The Authority did not meet these requirements.

The Authority spent \$28,889 less than the required amount on services for pregnant women and women with dependent children and \$3,444,132 less than the total amount required to be spent.

By not establishing adequate internal controls, the Authority cannot ensure it meets all level of effort requirements. By not complying with federal requirements, the Authority risks having to repay federal funds or having future federal funds withheld.

Recommendations

We recommend the Authority:

- Improve internal controls to ensure sufficient monitoring of level-of-effort requirements
- Ensure staff follow policies and procedures for monitoring spending levels

- Ensure correct information is used to monitor spending levels
- Ensure transfers of state-funded expenditures to federal awards are monitored to ensure minimum state spending thresholds are met

Authority's Response

The Authority concurs with the finding and will work to improve internal controls around the monitoring of level-of-effort requirements, including ensuring the accuracy of reports used to monitor spending levels.

The Authority is also requesting a waiver from SAMHSA for the level-of-effort requirements due to the impact on the agency resulting from the Coronavirus Pandemic. Enhanced federal rates were provided to help manage the impact of COVID-19, resulting in reduced state matching requirements. This also impacted the level of effort requirements under the block grants.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 42 United States Code 300x–30, *Maintenance of effort regarding State expenditures* establishes the following applicable requirements:

(a) In general

With respect to the principal agency of a State for carrying out authorized activities, a funding agreement for a grant under section 300x–21 of this title for the State for a fiscal year is that such agency will for such year maintain aggregate State expenditures for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the 2-year period preceding the fiscal year for which the State is applying for the grant.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal

entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 45 U.S. Code of Federal Regulations Part 96, *Block Grants* establishes the following applicable requirements:

Section 96.124 Certain allocations, states in part:

(c) Subject to paragraph (d) of this section, a State is required to expend the Block Grant on women services as follows:

(3) For grants beyond fiscal year 1994, the States shall expend no less than an amount equal to the amount expended by the State for fiscal year 1994.

Section 96.134 Maintenance of effort regarding State expenditures, states in part:

(a) With respect to the principal agency of a State for carrying out authorized activities, the agency shall for each fiscal year maintain aggregate State expenditures by the principal agency for authorized activities at a level that is not less than the average level of such expenditures maintained by the State for the two year period preceding the fiscal year for which the State is applying for the grant. The Block Grant shall not be used to supplant State funding of alcohol and other drug prevention and treatment programs.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the

control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-062 The Health Care Authority did not have adequate internal controls over and did not comply with the reporting requirements for the Block Grants for Prevention and Treatment of Substance Abuse.

CFDA Number and Title:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	3B08TI010056-18S2, 6B08TI010056-18M002
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Reporting
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority provides federal funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Authority spent more than \$54.8 million in grant funds during fiscal year 2020.

The Authority is required to submit an SF-425 federal financial report to the federal grantor within 90 days of a grant award closing. Information contained on this report includes the federal grant number, the recipient organization, grant period, reporting period end date, basis of accounting and a summary of expenditures and program income related to the grant during the award period.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Health Care Authority did not have adequate internal controls over and did not comply with the reporting requirements for the Block Grants for Prevention and Treatment of Substance Abuse.

Financial information reported on the SF-425 should be obtained and supported by the Authority's accounting records.

During the year, the Authority continued to charge costs to the grant, which had already closed. This required accounting adjustments that were not completed in a timely manner. During the audit period, the federal fiscal year 2018 award closed and was reported on the SF-425 by the December 31, 2019 due date. We examined the report and found that the expenditures reported were not supported by the Authority's accounting records. Because of this, we could not determine whether the report was accurately prepared.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance. The issue was not reported as a finding in the prior audit.

Cause of Condition

The Authority said that the grant is large and complex, making it difficult to balance the grant and ensure that the accounting records are accurate and complete by the reporting due date.

Effect of Condition

By not establishing adequate internal controls and ensuring accounting records are accurate and complete, the Authority increases the risk that it could misreport information to the grantor.

Inaccurate reports could affect future funding from the federal grantor.

Recommendation

We recommend the Authority improve its internal controls to ensure reports are properly supported by the accounting records.

Authority's Response

The Authority does not concur with the finding.

The required December 2019 SF-425 report reflects the full 2018 grant award amount and is not overspent, nor in need of revision. The expenditure amounts reported on the SF-425 report are allowable and supported by accounting records. Adjustments or expenditures occurring after the report date and above the grant award amount are not claimed for federal reimbursement under the grant.

The Authority will consult with the grantor on the process for adjustments not affecting the federal amount claimed, but occurring after the award close-out.

Auditor's Remarks

During the audit, the Authority provided us with the financial records that were used to prepare the SF-425 report. Those records showed that more expenditures had been charged to the program and did not reconcile to the submitted report that covered the 2018 grant award.

We reaffirm our finding and will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal

awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Section 200.327 Financial Reporting, states in part:

Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, Compliance Audits, paragraph 11 as follows.

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the

likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-063

The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information.

CFDA Number and Title:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	3B08TI010056-18S2, 6B08TI010056-18M002, 2B08TI010056-19, 3B08TI010056-19S1, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority passes down federal award funds through subawards to counties, tribes, and nonprofit organizations to develop prevention programs and provide treatment and support services. The Authority spent more than \$54.8 million in grant funds during fiscal year 2020. Of this amount, the Authority passed about \$38.6 million to subrecipients.

When federal funds are passed down to subrecipients, federal regulation (2 CFR 200.331(a)) requires the subrecipient to be notified of all required information concerning the subaward, including all additional requirements. The Authority must clearly identify 13 subaward components to any subrecipient receiving federal funds. In addition, the Authority must notify the subrecipient that if the subrecipient spends \$750,000 or more in federal awards, they are required to have an audit in accordance with Uniform Guidance.

Upon execution of a subaward for prevention or treatment services, the Authority incorporates the Federal Award Identification for Subrecipients page as an attachment to the subaward. This document contains boilerplate language containing all 13 required components. In addition, when a contract is identified as a subaward, the standard Uniform Guidance audit requirement language is included in the contract. The Authority uses the Electronic Contracts Management System (ECMS) to input all required fields into the subaward. Depending on these inputs, ECMS will

automatically be prompted to include the applicable subaward information and any other required subrecipient language.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information.

When the Authority executed new subrecipient contracts during the audit period, it did not have an effective process in place to ensure all the required subaward information was communicated to the subrecipient.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance. The issue was reported as a finding in the prior audit as finding 2019-070.

Cause of Condition

When the Division of Behavioral Health and Recovery transitioned to the Authority from the Department of Social and Health Services in 2018, processes were disrupted. The Division previously relied on their contracts staff to identify subrecipient status and the associated contractual requirements. This was a new responsibility for the Authority's contracts staff, who were unfamiliar with subrecipient contracts and their associated contractual requirements. The Authority's contracts staff had not been provided training at the time, therefore, were not equipped with the necessary knowledge when reviewing and approving contracts to determine if any pertinent information was excluded.

Effect of Condition

During the audit period, the Authority executed 99 subawards for the Block Grants for Prevention and Treatment of Substance Abuse program. We randomly selected and examined 15 contracts and found five (33 percent) did not contain the following required federal award identification information:

- (ii) Subrecipient's unique entity identifier
- (iv) Federal Award Date of award to the recipient by the Federal agency
- (v) Subaward Period of Performance Start and End Date
- (vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient

- (vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation
- (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)
- (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity
- (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each federal award and the CFDA number at time of disbursement
- (xii) Identification of whether the award is R&D
- (xiii) Indirect cost rate for the federal award

We also found one contract (7 percent) did not contain the information notifying them that subrecipients that spend \$750,000 or more in federal awards are required to have audits in accordance with Uniform Guidance.

Without establishing adequate internal controls, the Authority cannot ensure it is compliant with subrecipient monitoring requirements. By not clearly identifying the subaward funding period and funding amounts, the Authority risks making improper payments under the program. In addition, by not clearly identifying necessary information to the subrecipients, the Authority cannot ensure the subrecipients are adequately informed of the program requirements.

Recommendations

We recommend the Authority:

- Include all required information when issuing subawards
- Improve its internal controls to ensure compliance with requirements for federal subawards
- Ensure staff responsible for executing contracts understand subrecipient classifications

Authority's Response

The Authority concurs with the finding and we are working to improve internal controls over subaward compliance requirements.

In addition, the contracts department has already begun working on amendments to address the missing information; however, some contracts referenced by the SAO already had amendments completed with the missing information included.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter and will follow-up on its corrective action in the next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

2 CFR Section 200.331(a) - Requirements for pass-through entities, states in part:

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (1) Federal award identification.
 - (i) Subrecipient name (which must match the name associated with its unique entity identifier);

- (ii) Subrecipient's unique entity identifier;
 - (iii) Federal Award Identification Number (FAIN);
 - (iv) Federal Award Date (see 200.39 Federal Award date) of award to the recipient by the Federal agency;
 - (v) Subaward Period of Performance Start and End Date;
 - (vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - (viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
 - (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA Number at time of disbursement;
 - (xii) Identification of whether the award is R&D; and
 - (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
 - (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

- (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.

Section 200.501 Audit requirements

- (a) *Audit required.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.
- (b) *Single audit.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-064 The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.

CFDA Number and Title:	93.959, Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	6B08TI010056-18M002; 3B08TI010056-18S2; 2B08TI010056-19; 3B08TI010056-19S1; 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority subawards federal funds to counties, tribes and nonprofit organizations to develop prevention programs and provide treatment and support services. During fiscal year 2020, the Authority spent more than \$54.8 million in federal grant funds. Of this amount, the Authority passed about \$38.6 million to subrecipients.

To determine the appropriate level of monitoring, federal regulations require the Authority to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.

The Authority did not establish an effective monitoring process to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments. Five different units in the Authority are responsible for executing risk assessments for the program subrecipients: Prevention, Treatment, Recovery, Managed Care, and Tribal Affairs. Only two units, Treatment and Managed Care, performed risk assessments for subrecipients during fiscal year 2020. There was no uniform process to ensure all subrecipients received risk assessments when new contracts were executed.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance. This issue was not reported as a finding in the prior audit.

Cause of Condition

When the oversight of this program transitioned from the Department of Social and Health Services to the Authority in 2018, the Authority did not have a centralized process to ensure risk assessments were completed for newly executed contracts. Each unit is responsible for performing the risk assessments for contracts they monitor. This was a new responsibility for some Authority staff, and it has taken time to develop processes. The Authority established a multi-divisional work group for subrecipient monitoring. However, the Authority has not implemented an effective risk assessment process.

Effect of Condition

The Authority executed 99 subrecipient contracts during the fiscal year.

The Prevention, Recovery, and Tribal Affairs units were responsible for performing risk assessments for 90 contracts (91 percent) during fiscal year 2020 and none were performed.

The Treatment and Managed Care units were responsible for performing risk assessments for nine contracts (9 percent) during fiscal year 2020. We randomly selected and examined five of the nine contracts and found all five had sufficient risk assessments.

Without establishing adequate internal controls and monitoring procedures, the Authority cannot ensure risk assessments are performed and analyze the proper criteria, which would ensure consistency in determining the appropriate amount of monitoring for each subrecipient.

Recommendations

We recommend the Authority:

- Establish internal controls and adequate monitoring procedures to ensure required risk assessments are performed
- Ensure the results of the risk assessments are used to determine how much and what type of monitoring of subrecipients will be performed, as required by federal law
- Continue to support its subrecipient monitoring workgroup

Authority's Response

The Authority concurs with the finding. The multi-divisional subrecipient monitoring workgroup has developed and approved an effective risk assessment process and staff training is currently being scheduled.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow up in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor's determination of whether a deficiency in internal control is a

significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.

- (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor's determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance supplement.

Title 45 *U.S. Code of Federal Regulations* (CFR) Part 75, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards* establishes the following applicable requirements:

Section 75.352, Requirements for pass-through entities, states in part:

- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with subpart F, and the extent to which the same or similar subaward has been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of HHS awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a HHS awarding agency).

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in internal controls over compliance in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11 as follows:

For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

Deficiency in internal control over compliance. A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Probable. The future event or events are likely to occur.

Significant deficiency in internal control over compliance. A deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Material noncompliance. In the absence of a definition of material noncompliance in the governmental audit requirement, a failure to follow compliance requirements or a violation of prohibitions included in the applicable compliance requirements that results in noncompliance

that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

2020-065

The Health Care Authority did not have adequate internal controls over and did not comply with federal subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.

CFDA Number and Title:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Grantor Name:	U.S. Department of Health and Human Services
Federal Award/Contract Number:	3B08TI010056-18S2, 6B08TI010056-18M002, 2B08TI010056-19, 3B08TI010056-19S1, 1B08TI083138-01
Pass-through Entity Name:	None
Pass-through Award/Contract Number:	None
Applicable Compliance Component:	Subrecipient Monitoring
Questioned Cost Amount:	None

Background

The Health Care Authority (Authority), Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Authority subawards federal funds to counties, tribes and nonprofit organizations to develop prevention programs and provide treatment and support services. During fiscal year 2020, the Authority spent more than \$54.8 million in federal grant funds. Of this amount, the Authority passed about \$38.6 million to subrecipients.

When federal funds are passed to subrecipients, federal regulations require the Authority to monitor subrecipients based on a risk assessment to ensure:

- Federal funds are used for authorized purposes in compliance with federal laws, regulations, and the terms and conditions of the subaward;
- Performance goals are achieved; and
- When applicable, the subrecipient took action in response to pass-through monitoring findings.

Monitoring may include annual or biennial onsite visits; desk reviews; reviewing financial, performance and special reports; and other activities as necessary based on subrecipient risk assessments.

Federal regulations require recipients to establish and follow internal controls to ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Description of Condition

The Authority did not have adequate internal controls over and did not comply with federal subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.

The Authority did not establish an effective monitoring process to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received proper monitoring.

Five different units in the Authority are responsible for performing monitoring activities for the program subrecipients: Prevention, Treatment, Recovery, Managed Care, and Tribal Affairs. There was no uniform process to ensure all subrecipients received required monitoring.

We found the Tribal Affairs unit did not perform adequate monitoring during the audit period. The Recovery Unit did not establish consistent policies and procedures about how staff are supposed to conduct monitoring.

We determined the Prevention, Treatment, and Managed Care units had adequate controls and were in compliance with monitoring requirements.

We consider these internal control deficiencies to be a material weakness, which led to material noncompliance. This issue was not reported as a finding in the prior audit.

Cause of Condition

When the oversight of this program transitioned from the Department of Social and Health Services to the Authority in 2018, the Authority did not have a centralized process to ensure monitoring was completed for each subrecipient. Each unit is responsible to perform monitoring activities for the subrecipients they oversee. This was a new responsibility for some Authority staff and it has taken time to develop processes. The Authority established a multi-divisional work group for subrecipient monitoring. However, the Authority has not implemented an effective monitoring process for the program.

In addition, the COVID-19 pandemic hit during the same time the Office of Tribal Affairs was in the process of working with tribes to establish effective monitoring processes. Many tribes completely shut down, so this process was delayed.

Effect of Condition

The Authority had 103 subrecipients during the fiscal year. The Tribal Affairs unit was responsible for monitoring 29 (28 percent) of the Authority's 103 total subrecipients and did not perform sufficient monitoring activities during the audit period.

The Prevention, Treatment, Recovery, and Managed Care units were responsible for monitoring 74 of the Authority's 103 total subrecipients. These units were scheduled to perform monitoring visits, virtual or in-person, for 33 of these 74 subrecipients during the fiscal year. We randomly selected and examined nine of the 33 subrecipients and found one (11 percent) subrecipient was not properly monitored by the Recovery unit.

Without establishing adequate internal controls and monitoring procedures, the Authority cannot ensure the appropriate amount of monitoring is performed to ensure subrecipients are compliant with federal regulations and subaward terms and conditions.

Recommendation

We recommend the Authority establish procedures to ensure federally required subrecipient monitoring is performed.

Authority's Response

The Authority agrees there was not a uniform process to monitor all sub-recipient desk or site visits across all units; however, many activities were performed to ensure adequate monitoring. The Authority also has a multi-division sub-recipient monitoring workgroup working to establish uniform processes across all units for sub-recipient monitoring, including tracking the desk and site-visits.

Auditor's Remarks

We appreciate the Authority's commitment to resolving this matter. We will follow-up with the Authority in the next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) establishes the following applicable requirements:

Section 200.303 Internal controls, states in part:

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal

entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Section 200.516 Audit findings, states in part:

- (a) *Audit findings reported.* The auditor must report the following as audit findings in a schedule of findings and questioned costs:
 - (1) Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs. The auditor’s determination of whether a deficiency in internal control is a significant deficiency or material weakness for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the Compliance Supplement.
 - (2) Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program. The auditor’s determination of whether a noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program identified in the compliance

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Auditee's Section

Schedule of Expenditures of Federal Awards

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State of Washington
Schedule of Expenditures of Federal Awards

*For the Fiscal Year Ended
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Federal Programs Not Clustered

Peace Corps

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
08.U01	Peace Corps - Unknown CFDA Number	PC148072	3650	10,809		0
Federal Program 08.U01 Total				10,809		0
Peace Corps Total				10,809		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
Schedule of Expenditures of Federal Awards**

*For the Fiscal Year Ended
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(Expressed in whole dollars)*

Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.025	Plant and Animal Disease, Pest Control, and Animal	19-03	3600	865	0	PT
Federal Program 10.025 Total				865	0	
10.025	Plant and Animal Disease, Pest Control, and Animal		3650	1,928,691	95,671	
Federal Program 10.025 Total				1,928,691	95,671	
10.025	Plant and Animal Disease, Pest Control, and Animal	182432	3650	24,008	0	PT
10.025			4670	149,353	2,086	
10.025			4770	68,048	0	
10.025			4950	3,103,992	39,850	
Federal Program 10.025 Total				3,345,401	41,936	
10.054	Emergency Conservation Program		4710	7,070	7,070	
Federal Program 10.054 Total				7,070	7,070	
10.069	Conservation Reserve Program		4710	95,492	95,492	
Federal Program 10.069 Total				95,492	95,492	
10.093	Voluntary Public Access & Habitat Incentive Program		4770	275,721	0	
Federal Program 10.093 Total				275,721	0	
10.156	Federal-State Marketing Improvement Program		3600	18,958	8,139	
Federal Program 10.156 Total				18,958	8,139	
10.163	Market Protection and Promotion		4950	978,157	0	
Federal Program 10.163 Total				978,157	0	
10.167	Transportation Services		3650	162,079	0	
Federal Program 10.167 Total				162,079	0	
10.170	Specialty Crop Block Grant Program - Farm Bill	ORSO131825001	3650	4,680	0	PT
10.170			4950	4,486,475	3,794,169	
Federal Program 10.170 Total				4,491,155	3,794,169	
10.171	Organic Certification Cost Share Programs		4950	616,994	560,904	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
Schedule of Expenditures of Federal Awards**

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 10.171 Total				616,994	560,904	
10.174	Acer Access Development Program		3600	109,393	0	
Federal Program 10.174 Total				109,393	0	
10.178	Trade Mitigation Program Eligible Recipient Agen		4950	1,614,639	1,614,639	
Federal Program 10.178 Total				1,614,639	1,614,639	
10.217	Higher Education - Institution Challenge Grants Pr		3600	7,023	0	
10.217			3650	35,999	0	
10.217			6990	123,160	0	
Federal Program 10.217 Total				166,182	0	
10.223	Hispanic Serving Institutions Education Grants		6990	5,569	0	
Federal Program 10.223 Total				5,569	0	
10.253	Consumer Data and Nutrition Research		3600	5,165	0	
Federal Program 10.253 Total				5,165	0	
10.303	Integrated Programs		3650	43,539	0	
10.303		C0550AA	3650	4,888	0	PT
Federal Program 10.303 Total				48,427	0	
10.304	Homeland Security_Agricultural		3650	275,698	0	
10.304		20160379404	3650	57,549	0	PT
Federal Program 10.304 Total				333,247	0	
10.308	Resident Instruction Grants for Insular Area Activ	SUB00000421	3650	(30)	0	PT
Federal Program 10.308 Total				(30)	0	
10.309	Specialty Crop Research Initiative		3650	2,720,651	1,639,313	
10.309		20140375704	3650	15,973	0	PT
10.309		2016149806	3650	102,612	0	PT
10.309		2017039813	3650	89,973	0	PT
10.309		7399910422	3650	32,620	0	PT
10.309		7961110753	3650	251,591	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
Schedule of Expenditures of Federal Awards**

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.309	Specialty Crop Research Initiative	8198010924	3650	86,918	0	PT
10.309		8500042730	3650	63,020	0	PT
10.309		9144702	3650	89,195	0	PT
10.309		G18219W7553	3650	256,517	0	PT
10.309		H007082509	3650	28,869	0	PT
10.309		RC104285L	3650	181,350	0	PT
10.309		RC104285L	3650	49,702	49,702	PT
10.309		RC106347WSU	3650	124,055	0	PT
10.309		S000224-NIFA	3650	73	0	PT
10.309		S000224NIFA	3650	26,014	0	PT
10.309		UFDSP00010606	3650	6,910	0	PT
10.309		UFDSP00012310	3650	54,417	0	PT
Federal Program 10.309 Total				4,180,460	1,689,015	
10.311	Beginning Farmer and Rancher Development Program	ORSO130291	3650	2,740	0	PT
Federal Program 10.311 Total				2,740	0	
10.326	Capacity Building for Non-Land Grant Colleges of A		6990	16,827	0	
Federal Program 10.326 Total				16,827	0	
10.328	National Food Safety Training, Education, Extension		3650	77,248	0	
10.328		9500073538	3650	5,045	0	PT
10.328		BLK246SB003	3650	10,430	0	PT
Federal Program 10.328 Total				92,723	0	
10.329	Crop Protection and Pest Management Competitive Gr		3650	612,406	106,782	
Federal Program 10.329 Total				612,406	106,782	
10.330	Alfalfa and Forage Research Program		3650	147,249	36,785	
Federal Program 10.330 Total				147,249	36,785	
10.331	Food Insecurity Nutrition Incentive Grants Program		3030	888,399	723,887	
10.331		127670002	3650	25,281	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
Schedule of Expenditures of Federal Awards**

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 10.331 Total				913,680	723,887	
10.351	Rural Business Development Grant	UW635644	3600	(6)	0	PT
10.351			3650	13,271	0	
10.351			6990	23,583	0	
10.351		56-32-525954174	6990	46,682	0	PT
10.351		R094145 58913	6990	5,514	0	PT
Federal Program 10.351 Total				89,044	0	
10.443	Outreach and Assistance for Socially Disadvantaged	134303	3650	25,654	0	PT
Federal Program 10.443 Total				25,654	0	
10.460	Risk Management Education Partnerships	134767	3650	30,208	0	PT
10.460		ORSO132302	3650	(103)	0	PT
Federal Program 10.460 Total				30,105	0	
10.500	Cooperative Extension Service		3650	6,344,110	498,742	
10.500		5968WSUUM3501	3650	3,181	0	PT
10.500		A000983S067	3650	7,579	0	PT
10.500		F9000067402012	3650	20,443	0	PT
10.500		M1800199	3650	673	0	PT
10.500		S18094	3650	(731)	0	PT
10.500		S19120	3650	15,575	0	PT
10.500		S19155	3650	14,117	0	PT
Federal Program 10.500 Total				6,404,947	498,742	
10.525	Farm and Ranch Stress Assistance Network Competition		3650	5,373	0	
Federal Program 10.525 Total				5,373	0	
10.536	CACFP Training Grants		3500	8,435	0	
Federal Program 10.536 Total				8,435	0	
10.557	WIC Special Supplemental Nutrition Program for Wom		3030	94,158,349	32,129,832	
Federal Program 10.557 Total				94,158,349	32,129,832	
10.558	Child and Adult Care Food Program		3500	36,913,826	36,243,088	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
Schedule of Expenditures of Federal Awards

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.558	COVID-19 – Child and Adult Care Food Program		3500	6,825,816	6,825,816	
Federal Program 10.558 Total				43,739,642	43,068,904	
10.560	State Administrative Expenses for Child Nutrition		3500	5,068,611	0	
Federal Program 10.560 Total				5,068,611	0	
10.572	WIC Farmers' Market Nutrition Program (FMNP)		3030	842,696	43,905	
Federal Program 10.572 Total				842,696	43,905	
10.576	Senior Farmers Market Nutrition Program		3000	230,421	1,772	
Federal Program 10.576 Total				230,421	1,772	
10.578	WIC Grants to States (WGS)		3030	1,891,447	22,010	
Federal Program 10.578 Total				1,891,447	22,010	
10.579	Child Nutrition Discretionary Grants		3500	401,352	399,489	
Federal Program 10.579 Total				401,352	399,489	
10.580	Supplemental Nutrition Assistance Program, Process		3000	6	0	
Federal Program 10.580 Total				6	0	
10.582	Fresh Fruit and Vegetable Program		3500	2,848,705	2,788,309	
Federal Program 10.582 Total				2,848,705	2,788,309	
10.596	Pilot Projects to Reduce Dependency and Increase		3000	(18,783)	0	
Federal Program 10.596 Total				(18,783)	0	
10.604	Technical Assistance for Specialty Crops Program A193112S004		3650	11,893	0	PT
10.604		ORSO130051	3650	3,358	0	PT
10.604		TASC201809	3650	47,648	0	PT
10.604		WAC141520	3650	2,519	0	PT
Federal Program 10.604 Total				65,418	0	
10.664	Cooperative Forestry Assistance		4900	4,381,800	0	
Federal Program 10.664 Total				4,381,800	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.674	Wood Utilization Assistance		3600	77,930	16,030	
10.674			3650	50,822	0	
10.674		0100	3650	21,734	0	PT
10.674			4900	5,207	0	
Federal Program 10.674 Total				155,693	16,030	
10.676	Forest Legacy Program		4900	79,664	0	
Federal Program 10.676 Total				79,664	0	
10.678	Forest Stewardship Program		4900	7,956	0	
Federal Program 10.678 Total				7,956	0	
10.684	International Forestry Programs	HV72 AM01	3600	18,238	0	PT
Federal Program 10.684 Total				18,238	0	
10.691	Good Neighbor Authority		4900	831,676	0	
Federal Program 10.691 Total				831,676	0	
10.697	State & Private Forestry Hazardous Fuel Reduction		4900	293,122	0	
Federal Program 10.697 Total				293,122	0	
10.699	Partnership Agreements		3750	18,968	0	
10.699			3800	1,114	0	
Federal Program 10.699 Total				20,082	0	
10.707	Research Joint Venture and Cost Reimbursable Agree		3650	150,192	0	
10.707			3800	27,881	0	
Federal Program 10.707 Total				178,073	0	
10.777	Norman E. Borlaug International Agricultural Scien		3650	143,449	0	
Federal Program 10.777 Total				143,449	0	
10.855	Distance Learning and Telemedicine Loans and Grant		3600	500,000	0	
10.855			6990	364,689	0	
Federal Program 10.855 Total				864,689	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.902	Soil and Water Conservation		3650	42,515	0	
10.902			4710	178,789	178,789	
10.902			4770	142,408	0	
Federal Program 10.902 Total				363,712	178,789	
10.912	Environmental Quality Incentives Program		3650	223,978	0	
10.912		132276001	3650	9,665	0	PT
10.912			4710	42,799	42,799	
Federal Program 10.912 Total				276,442	42,799	
10.924	Conservation Stewardship Program		4710	24,588	24,588	
Federal Program 10.924 Total				24,588	24,588	
10.932	Regional Conservation Partnership Program		4710	45,718	45,718	
10.932			4770	13,390	0	
Federal Program 10.932 Total				59,108	45,718	
10.960	Technical Agricultural Assistance		3650	740,906	400,000	
Federal Program 10.960 Total				740,906	400,000	
10.U01	Agriculture - Unknown CFDA Number	G10920W7504	3650	32,694	0	PT
Federal Program 10.U01 Total				32,694	0	
10.U02	Agriculture - Unknown CFDA Number	R0783AA	3650	78,777	0	PT
Federal Program 10.U02 Total				78,777	0	
10.U03	Agriculture - Unknown CFDA Number	19CR11221632166	3650	5,726	0	
Federal Program 10.U03 Total				5,726	0	
10.U04	Agriculture - Unknown CFDA Number	19CR11221633179	3650	2,922	0	
Federal Program 10.U04 Total				2,922	0	
10.U05	Agriculture - Unknown CFDA Number	19JV11221633189	3650	19,215	0	
Federal Program 10.U05 Total				19,215	0	
10.U06	Agriculture - Unknown CFDA Number	19JV11221634163	3650	5,161	0	
Federal Program 10.U06 Total				5,161	0	
10.U07	Agriculture - Unknown CFDA Number	19JV11221636187	3650	8,701	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 10.U07 Total				8,701	0	
10.U08	Agriculture - Unknown CFDA Number	20JV11261985044	3650	1,105	0	
Federal Program 10.U08 Total				1,105	0	
10.U09	Agriculture - Unknown CFDA Number	UWPP-07	3700	56	0	PT
Federal Program 10.U09 Total				56	0	
10.U16	Agriculture - Unknown CFDA Number	16-CS-11010400-038	4770	1,155	0	
10.U16		17-PA-11062754-038	4770	12,342	0	
10.U16		Agreement	4770	122,913	0	
Federal Program 10.U16 Total				136,410	0	
Dept of Agriculture Total				184,690,647	88,435,376	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.008	NOAA Mission-Related Education Awards		4610	6,344	0	
Federal Program 11.008 Total				6,344	0	
11.011	Ocean Exploration		3600	8,481	2,827	
11.011		18120501	3600	15,451	0	PT
11.011		24185600	3600	23,336	0	PT
11.011		800009482-01UG	3600	16,071	0	PT
Federal Program 11.011 Total				63,339	2,827	
11.012	Integrated Ocean Observing System (IOOS)		3600	3,240,844	1,645,727	
11.012		A19-0200-S001-P0693599	3600	6,543	0	PT
11.012		A190200S001P0693599AM0	3600	38,654	0	PT
11.012		H2400-63 AM06	3600	43,931	0	PT
11.012		UAF 15-0085 AM04	3600	19,954	0	PT
Federal Program 11.012 Total				3,349,926	1,645,727	
11.017	Ocean Acidification Program		3600	163,155	36,543	
Federal Program 11.017 Total				163,155	36,543	
11.020	Cluster Grants		1030	173,704	0	
11.020		UW661740	3600	2,701	0	PT
Federal Program 11.020 Total				176,405	0	
11.022	Bipartisan Budget Act of 2018		3600	53,163	0	
Federal Program 11.022 Total				53,163	0	
11.303	Economic Development_Technical Assistance		3600	100,000	0	
11.303			3650	100,804	0	
11.303		ED17SEA3020076	3700	(1,812)	0	PT
Federal Program 11.303 Total				198,992	0	
11.407	Interjurisdictional Fisheries Act of 1986	20-37G	4770	16,208	0	PT
11.407		20-38G	4770	11,350	0	PT
11.407		20-81G	4770	24,843	0	PT
11.407		PSMFC #19-68G	4770	65,813	0	PT
11.407		PSMFC# 19-52G	4770	29,629	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.407	Interjurisdictional Fisheries Act of 1986	PSMFC# 20-126G	4770	3,305	0	PT
11.407		PSMFC# 20-76G	4770	100,740	0	PT
11.407		SF-2018-VHP-14A	4770	34,093	0	PT
11.407		SF-2019-I-8	4770	28,615	0	PT
11.407		SF-2019-SP-11	4770	27,861	0	PT
11.407		SF-2019-SP-33	4770	68,349	0	PT
11.407		SF-2019-SP-3A	4770	96,899	0	PT
11.407		WDFW 19-13345	4770	317,392	0	PT
Federal Program 11.407 Total				825,097	0	
11.419	Coastal Zone Management Administration Awards		4610	2,967,485	0	
Federal Program 11.419 Total				2,967,485	0	
11.429	Marine Sanctuary Program		3600	28,581	0	
Federal Program 11.429 Total				28,581	0	
11.436	Columbia River Fisheries Development Program		4670	347,460	0	
11.436			4770	5,737,267	0	
Federal Program 11.436 Total				6,084,727	0	
11.437	Pacific Fisheries Data Program		3050	29,706	0	
11.437		16-104G AM01	3600	10,559	0	PT
11.437		17-04G AM02	3600	(1,786)	0	PT
11.437		20-27G AM01	3600	175,484	0	PT
11.437		20-59G AM01	3600	72,878	0	PT
11.437		20-43G	4770	73,546	0	PT
11.437		PSMFC #20-13G	4770	19,446	0	PT
11.437		PSMFC #20-55G	4770	635,210	0	PT
11.437		PSMFC# 19-23G	4770	201,054	0	PT
11.437		PSMFC# 19-50G	4770	21,178	0	PT
Federal Program 11.437 Total				1,237,275	0	
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treat	1707A REV01	3600	143,974	0	PT
11.438		AC-1704A REV02	3600	(4,877)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treat		4670	19,055,753	12,757,664	
11.438			4770	2,875,025	0	
Federal Program 11.438 Total				22,069,875	12,757,664	
11.439	Marine Mammal Data Program		4770	89,343	0	
11.439		20-60G	4770	102,401	0	PT
11.439		PSMFC #19-59G	4770	19,008	0	PT
Federal Program 11.439 Total				210,752	0	
11.441	Regional Fishery Management Councils	06-19	4770	140,865	0	PT
11.441		LIA 2019-03	4770	2,595	0	PT
Federal Program 11.441 Total				143,460	0	
11.463	Habitat Conservation		4770	879,268	0	
11.463		WA-S-161130-012	4770	90,401	0	PT
Federal Program 11.463 Total				969,669	0	
11.473	Office for Coastal Management		3600	63,229	40,593	
11.473			4610	33,980	0	
11.473		Grant ID 0318.18.06258	4770	649,566	0	PT
Federal Program 11.473 Total				746,775	40,593	
11.478	Center for Sponsored Coastal Ocean Research_Coasta		3600	454,715	34,614	
11.478		UW664469	3600	2,764	0	PT
Federal Program 11.478 Total				457,479	34,614	
11.549	State and Local Implementation Grant Program SLIGP		2450	516	0	
Federal Program 11.549 Total				516	0	
11.619	Arrangements for Interdisciplinary Research Infrass	G-00745-1 AM05	3600	65,354	0	PT
Federal Program 11.619 Total				65,354	0	
11.U01	Commerce - Unknown CFDA Number	S20170118	3650	90,001	0	PT
Federal Program 11.U01 Total				90,001	0	
11.U02	Commerce - Unknown CFDA Number	2018-25-NWSC	4610	17,786	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 11.U02 Total				17,786		0
Dept of Commerce Total				39,926,156	14,517,968	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.010	Youth Conservation Services		4610	36,354	0	
	Federal Program 12.010 Total			36,354	0	
12.112	Payments to States in Lieu of Real Estate Taxes		0050	32,614	0	
	Federal Program 12.112 Total			32,614	0	
12.130	Estuary Habitat Restoration Program		4900	155,832	0	
	Federal Program 12.130 Total			155,832	0	
12.400	Military Construction, National Guard		2450	12,992,861	0	
	Federal Program 12.400 Total			12,992,861	0	
12.401	National Guard Military Operations and Maintenance		2450	18,274,847	750	
	Federal Program 12.401 Total			18,274,847	750	
12.404	National Guard Challenge Program		2450	5,071,162	300	
	Federal Program 12.404 Total			5,071,162	300	
12.610	Community Economic Adjustment Assistance for Compa		1030	242,390	0	
	Federal Program 12.610 Total			242,390	0	
12.617	Economic Adjustment Assistance for State Government		1030	139,247	138,925	
	Federal Program 12.617 Total			139,247	138,925	
12.632	Legacy Resource Management Program		3650	166,335	109,163	
	Federal Program 12.632 Total			166,335	109,163	
12.750	Uniformed Services University Medical Research Pro		3600	323,131	0	
12.750		3810 MOD 3 PO 904589	3600	(1,928)	0	PT
12.750		3810 MOD 3 PO 904589	3600	652	0	PT
12.750		4771 PO#960154	3600	255,959	0	PT
12.750		HU00011810043	3650	211,023	0	PT
12.750		HU00011810043	3650	4,643	3,034	PT
	Federal Program 12.750 Total			793,480	3,034	
12.900	Language Grant Program		3600	81,580	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 12.900 Total				81,580	0	
12.903	Gencyber Grants Program		3600	35,382	0	
Federal Program 12.903 Total				35,382	0	
12.905	Cybersecurity CORE Curriculum		3600	1	0	
12.905			6990	133,745	0	
Federal Program 12.905 Total				133,746	0	
12.U01	DOD - Unknown CFDA Number	W912HQ15C0023	3650	(9,113)	0	
Federal Program 12.U01 Total				(9,113)	0	
12.U02	DOD - Unknown CFDA Number	W912HQ15C0076	3650	70	0	
Federal Program 12.U02 Total				70	0	
12.U03	DOD - Unknown CFDA Number	WSU000186	3650	(8,078)	0	
Federal Program 12.U03 Total				(8,078)	0	
Dept of Defense Total				38,138,709	252,172	

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Federal Programs Not Clustered

Housing & Urban Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
14.169	Housing Counseling Assistance Program		1480	476,292	476,292	
14.169			2350	84,417	0	
Federal Program 14.169 Total				560,709	476,292	
14.228	Community Development Block Grants/State's Program		1030	9,640,956	8,907,357	
14.228	COVID-19 – Community Development Block Grants/State's Program		1030	97,917	97,917	
Federal Program 14.228 Total				9,738,873	9,005,274	
14.231	Emergency Solutions Grant Program		1030	2,364,000	2,364,000	
Federal Program 14.231 Total				2,364,000	2,364,000	
14.239	Home Investment Partnerships Program		1030	4,106,673	3,714,535	
14.239		HKPTA2020	1480	235,759	235,759	PT
14.239		PBEL2020	1480	239,079	239,079	PT
Federal Program 14.239 Total				4,581,511	4,189,373	
14.241	Housing Opportunities for Persons With AIDS		3030	1,532,151	1,414,334	
Federal Program 14.241 Total				1,532,151	1,414,334	
14.267	Continuum of Care Program		1030	345,957	0	
Federal Program 14.267 Total				345,957	0	
14.275	Housing Trust Fund		1030	3,035,915	2,650,806	
Federal Program 14.275 Total				3,035,915	2,650,806	
14.276	Youth Homelessness Demonstration Program		1030	306,153	226,772	
Federal Program 14.276 Total				306,153	226,772	
14.326	Proj Rental Assist Demo Prog of S811 Support Housing		1030	1,020,387	1,005,618	
Federal Program 14.326 Total				1,020,387	1,005,618	
14.401	Fair Housing Assistance Program State and Local		1200	469,591	0	
Federal Program 14.401 Total				469,591	0	

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Housing & Urban Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
14.536	Research and Evaluations, Demonstrations, and Data	501248SG142 AM01	3600	12,048	0	PT
Federal Program 14.536 Total				12,048	0	
14.U01	HUD - Unknown CFDA Number	HAPC2020	1480	14,257	0	PT
Federal Program 14.U01 Total				14,257	0	
Housing & Urban Development Total				23,981,552	21,332,469	

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Federal Programs Not Clustered

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.114	Indian Education Higher Education Grant		3650	701,022	0	
Federal Program 15.114 Total				701,022	0	
15.156	Tribal Climate Resilience	AM02	3600	45,603	0	PT
Federal Program 15.156 Total				45,603	0	
15.224	Cultural and Paleontological Resource Management		3650	1,126	0	
Federal Program 15.224 Total				1,126	0	
15.225	Recreation and Visitor Services		3650	78,993	0	
Federal Program 15.225 Total				78,993	0	
15.226	Payments in Lieu of Taxes		0050	83,997	0	
Federal Program 15.226 Total				83,997	0	
15.227	Distribution of Receipts to State and Local Govern		0050	19,337	0	
Federal Program 15.227 Total				19,337	0	
15.230	Invasive and Noxious Plant Management		4950	11,776	11,776	
Federal Program 15.230 Total				11,776	11,776	
15.231	Fish, Wildlife and Plant Conservation Resource Man		3600	4,842	0	
15.231			3650	11,135	0	
15.231			4770	27,192	0	
Federal Program 15.231 Total				43,169	0	
15.232	Joint Fire Science Program		3600	17,059	9,498	
15.232			3650	25,897	20,240	
15.232		NS1387SB651835	3650	40,161	0	PT
Federal Program 15.232 Total				83,117	29,738	
15.238	Challenge Cost Share		3650	(2,185)	0	
Federal Program 15.238 Total				(2,185)	0	
15.243	Youth Conservation Opportunities on Public Lands		4610	51,394	0	
Federal Program 15.243 Total				51,394	0	

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.245	Plant Conservation and Restoration Management		3600	27,899	0	
15.245			4900	1,210	0	
Federal Program 15.245 Total				29,109	0	
15.246	Threatened and Endangered Species		3600	2,416	0	
15.246			3650	15,217	1,468	
Federal Program 15.246 Total				17,633	1,468	
15.247	Wildlife Resource Management		4770	14,557	0	
Federal Program 15.247 Total				14,557	0	
15.423	Bureau of Ocean Energy Management (BOEM) Environme	A94-99	3600	8,653	0	PT
15.423		UAF 18-0058	3600	20,956	0	PT
15.423		UAF180058AM01P0521289	3600	12,521	0	PT
Federal Program 15.423 Total				42,130	0	
15.507	Watersmart (Sustaining and Manage America's Resou	14839	3750	3,277	0	PT
Federal Program 15.507 Total				3,277	0	
15.517	Fish and Wildlife Coordination Act		3600	440,138	0	
15.517			4670	127,027	0	
15.517			4770	753,473	0	
Federal Program 15.517 Total				1,320,638	0	
15.531	Yakima River Basin Water Enhancement Project (YRBW)		4610	50,412	0	
Federal Program 15.531 Total				50,412	0	
15.608	Fish and Wildlife Management Assistance		4770	143,420	0	
15.608		80-888-3052	4770	7,182	0	PT
15.608		F19AC00507	4770	33	0	PT
Federal Program 15.608 Total				150,635	0	
15.614	Coastal Wetlands Planning, Protection and Restorat		4610	4,906,776	3,836,015	
15.614			4770	1,204,923	0	

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.614	Coastal Wetlands Planning, Protection and Restorat		4900	111,699	0	
Federal Program 15.614 Total				6,223,398	3,836,015	
15.615	Cooperative Endangered Species Conservation Fund	438401	3600	(2,165)	0	PT
15.615		438401-OC	3600	268,808	0	PT
15.615			4770	715,501	0	
15.615			4900	3,536,106	101,729	
Federal Program 15.615 Total				4,518,250	101,729	
15.616	Clean Vessel Act		4650	1,335,358	0	
Federal Program 15.616 Total				1,335,358	0	
15.622	Sportfishing and Boating Safety Act		4670	645,625	621,743	
Federal Program 15.622 Total				645,625	621,743	
15.623	North American Wetlands Conservation Fund	WA-331-6	4770	28,401	0	PT
Federal Program 15.623 Total				28,401	0	
15.630	Coastal		4770	6,828	0	
Federal Program 15.630 Total				6,828	0	
15.631	Partners for Fish and Wildlife		3650	3,315	0	
15.631			4670	229,416	43,937	
15.631			4770	815,653	0	
Federal Program 15.631 Total				1,048,384	43,937	
15.634	State Wildlife Grants		4770	1,291,218	0	
15.634		Agreement	4770	7,055	0	PT
15.634		IDFW-FY18-198	4770	15,669	0	PT
Federal Program 15.634 Total				1,313,942	0	
15.648	Central Valley Project Improvement (CVPI) Anadromo		3600	49,060	0	
Federal Program 15.648 Total				49,060	0	
15.652	Invasive Species		4770	17,497	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
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Federal Programs Not Clustered

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 15.652 Total				17,497	0	
15.654	National Wildlife Refuge System Enhancements	19-11899	3760	44,718	0	PT
15.654			4610	118,394	0	
Federal Program 15.654 Total				163,112	0	
15.655	Migratory Bird Monitoring, Assessment and Conserva		4770	5,018	0	
Federal Program 15.655 Total				5,018	0	
15.657	Endangered Species Recovery Implementation		3600	165,665	0	
15.657			3650	34,736	0	
15.657			3760	2,073	0	
15.657			4770	432,777	0	
Federal Program 15.657 Total				635,251	0	
15.660	Candidate Species Conservation		3650	(2)	0	
15.660			4770	23,087	0	
15.660			4900	4,257	0	
Federal Program 15.660 Total				27,342	0	
15.661	Lower Snake River Compensation Plan		4770	3,911,362	0	
Federal Program 15.661 Total				3,911,362	0	
15.663	NFWF-USFWS Conservation Partnership	080918060960	3650	15,706	0	PT
15.663		0103.13.040396	4770	4,542	0	PT
Federal Program 15.663 Total				20,248	0	
15.666	Endangered Species Conservation-Wolf Livestock Los		4770	164,228	0	
Federal Program 15.666 Total				164,228	0	
15.670	Adaptive Science		4770	298,112	0	
Federal Program 15.670 Total				298,112	0	
15.678	Cooperative Ecosystem Studies Unit		3600	11,815	0	
15.678			3650	167,633	0	

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Federal Programs Not Clustered

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 15.678 Total				179,448	0	
15.810	National Cooperative Geologic Mapping Program		3800	2,979	0	
15.810			4900	170,221	0	
Federal Program 15.810 Total				173,200	0	
15.814	National Geological and Geophysical Data Preservation		4900	82,679	0	
Federal Program 15.814 Total				82,679	0	
15.820	National and Regional Climate Adaptation Science C		3600	1,041,793	368,434	
15.820		UWSC10095 / BPO33491	3800	13,868	0	PT
15.820		UWSC10095 / BPO41753	3800	31,602	0	PT
15.820		UWSC10095 / BPO41754	3800	32,165	0	PT
15.820		GS347A-A	4770	19,905	0	PT
Federal Program 15.820 Total				1,139,333	368,434	
15.904	Historic Preservation Fund Grants-in-Aid		3550	883,865	75,628	
Federal Program 15.904 Total				883,865	75,628	
15.916	Outdoor Recreation_Acquisition, Development and PI		4670	3,117,028	2,993,688	
Federal Program 15.916 Total				3,117,028	2,993,688	
15.921	Rivers, Trails and Conservation Assistance		4050	52,999	0	
Federal Program 15.921 Total				52,999	0	
15.931	Conservation Activities By Youth Service Organizat		4610	175,092	0	
Federal Program 15.931 Total				175,092	0	
15.980	National Ground-Water Monitoring Network		4610	73,432	0	
15.980			4900	21,379	0	
Federal Program 15.980 Total				94,811	0	
15.U01	BIA/BIE - Unknown CFDA Number	C1907	3650	28,462	0	PT
Federal Program 15.U01 Total				28,462	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.U02	BIA/BIE - Unknown CFDA Number	WSU004079	3650	3,097	0	PT
Federal Program 15.U02 Total				3,097	0	
15.U04	BIA/BIE - Unknown CFDA Number	132131001	3650	177	0	
Federal Program 15.U04 Total				177	0	
15.U05	BIA/BIE - Unknown CFDA Number	L14PX00535	3650	100	0	
Federal Program 15.U05 Total				100	0	
15.U06	BIA/BIE - Unknown CFDA Number	140L4319F0125	3700	140,183	0	
Federal Program 15.U06 Total				140,183	0	
15.U07	BIA/BIE - Unknown CFDA Number	140L4319F0152	3700	239,277	0	
Federal Program 15.U07 Total				239,277	0	
15.U08	BIA/BIE - Unknown CFDA Number	140L4319F0162	3700	24,381	0	
Federal Program 15.U08 Total				24,381	0	
15.U09	BIA/BIE - Unknown CFDA Number	140L4319F0189	3700	78,883	0	
Federal Program 15.U09 Total				78,883	0	
15.U10	BIA/BIE - Unknown CFDA Number	14-06-100-1137	4770	81,760	0	
Federal Program 15.U10 Total				81,760	0	
15.U11	BIA/BIE - Unknown CFDA Number	FRFR483201LVW22	4770	1,099	0	
Federal Program 15.U11 Total				1,099	0	
15.U12	BIA/BIE - Unknown CFDA Number	Agreement	4770	168,384	0	
Federal Program 15.U12 Total				168,384	0	
15.U17	BIA/BIE - Unknown CFDA Number	W911S817-2-0018	3760	59,915	0	
Federal Program 15.U17 Total				59,915	0	
Dept of the Interior Total				29,881,329	8,084,156	

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Federal Programs Not Clustered

Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.013	Violence Against Women Act Court Training and Impr		6990	109,406	0	
Federal Program 16.013 Total				109,406	0	
16.017	Sexual Assault Services Program		1030	454,662	443,237	
Federal Program 16.017 Total				454,662	443,237	
16.034	COVID-19 – Coronavirus Emergency Supplemental Funding Program		1030	1,271,000	0	
Federal Program 16.034 Total				1,271,000	0	
16.321	Antiterrorism Emergency Reserve		1030	25,478	25,478	
Federal Program 16.321 Total				25,478	25,478	
16.525	Grants to Reduce Domestic Violence, Dating Violence		3650	67,199	0	
16.525			6990	163,111	0	
Federal Program 16.525 Total				230,310	0	
16.540	Juvenile Justice and Delinquency Prevention_Alloca		3070	906,147	0	
16.540			3650	(10,583)	0	
Federal Program 16.540 Total				895,564	0	
16.550	State Justice Statistics Program for Statistical A		1050	76,547	0	
Federal Program 16.550 Total				76,547	0	
16.554	National Criminal History Improvement Program (NCH)		2250	1,134,941	210,185	
Federal Program 16.554 Total				1,134,941	210,185	
16.575	Crime Victim Assistance		1030	51,144,105	49,121,640	
Federal Program 16.575 Total				51,144,105	49,121,640	
16.576	Crime Victim Compensation		2350	1,451,750	0	
Federal Program 16.576 Total				1,451,750	0	
16.588	Violence Against Women - Form Grants		0550	59,983	0	
16.588			1030	3,196,292	2,673,010	
16.588			6990	74,508	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Federal Programs Not Clustered

Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 16.588 Total				3,330,783	2,673,010	
16.590	Grants to Encourage Arrest Policies and Enforcement		1030	207,720	207,179	
Federal Program 16.590 Total				207,720	207,179	
16.593	Residential Substance Abuse Treatment for State Pr		1070	29,635	21,219	
Federal Program 16.593 Total				29,635	21,219	
16.726	Juvenile Mentoring Program	2019MUFX0002	3650	8,082	0	PT
Federal Program 16.726 Total				8,082	0	
16.738	Edward Byrne Memorial Justice Assistance Grant Pro		1030	2,424,564	1,899,973	
Federal Program 16.738 Total				2,424,564	1,899,973	
16.741	DNA Backlog Reduction Program		2250	2,471,261	0	
Federal Program 16.741 Total				2,471,261	0	
16.742	Paul Coverdell Forensic Sciences Improvement Grant		2250	550,170	192,811	
Federal Program 16.742 Total				550,170	192,811	
16.754	Harold Rogers Prescription Drug Monitoring Program		3030	875,361	0	
Federal Program 16.754 Total				875,361	0	
16.820	Postconviction Testing of DNA Evidence		2250	276,461	256,076	
Federal Program 16.820 Total				276,461	256,076	
16.833	National Sexual Assault Kit Initiative		1000	409,451	0	
Federal Program 16.833 Total				409,451	0	
16.839	Stop School Violence		3500	342,734	324,172	
Federal Program 16.839 Total				342,734	324,172	
16.922	Equitable Sharing Program		1950	25,215	0	
16.922			2250	606,117	0	
16.922			3100	64,414	0	
Federal Program 16.922 Total				695,746	0	

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Federal Programs Not Clustered

Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.U01	Justice - Unknown CFDA Number	K14192-MJ19	2250	254,734	0	
16.U01		K15820-MJ20	2250	184,673	0	
Federal Program 16.U01 Total				439,407	0	
16.U02	Justice - Unknown CFDA Number	2018-JU-FX-0005	3650	35,122	0	PT
Federal Program 16.U02 Total				35,122	0	
16.U04	Justice - Unknown CFDA Number	WSU004069	3650	49,313	0	PT
Federal Program 16.U04 Total				49,313	0	
16.U05	Justice - Unknown CFDA Number	WSU004115	3650	20,795	0	PT
Federal Program 16.U05 Total				20,795	0	
16.U06	Justice - Unknown CFDA Number	Seizures	1170	27,431	0	
Federal Program 16.U06 Total				27,431	0	
Dept of Justice Total				68,987,799	55,374,980	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Federal Programs Not Clustered

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.002	Labor Force Statistics		5400	1,611,936	0	
Federal Program 17.002 Total				1,611,936	0	
17.005	Compensation and Working Conditions		2350	188,176	0	
Federal Program 17.005 Total				188,176	0	
17.225	Unemployment Insurance		5400	2,939,767,342	0	
17.225	COVID-19 – Unemployment Insurance		5400	4,686,870,848	0	
Federal Program 17.225 Total				7,626,638,190	0	
17.235	Senior Community Service Employment Program		3000	1,172,064	1,143,479	
Federal Program 17.235 Total				1,172,064	1,143,479	
17.245	Trade Adjustment Assistance		5400	8,073,363	0	
17.245	COVID-19 – Trade Adjustment Assistance		5400	25,312	0	
Federal Program 17.245 Total				8,098,675	0	
17.268	H-1B Job Training Grants		2350	815,079	696,503	
17.268		F1700012910441004	3650	64,955	0	PT
17.268			6990	3,229,162	0	
17.268		16170195SA	6990	180,309	0	PT
17.268		AP-33025-19-75-A-11	6990	28,250	0	PT
Federal Program 17.268 Total				4,317,755	696,503	
17.270	Reentry Employment Opportunities		5400	87,821	0	
Federal Program 17.270 Total				87,821	0	
17.271	Work Opportunity Tax Credit Program (WOTC)		5400	287,775	0	
Federal Program 17.271 Total				287,775	0	
17.273	Temporary Labor Certification for Foreign Workers		5400	367,771	0	
Federal Program 17.273 Total				367,771	0	
17.274	Youthbuild		6990	3,530	0	
Federal Program 17.274 Total				3,530	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
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Federal Programs Not Clustered

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.277	WIOA National Dislocated Worker Grants / WIA Natio		5400	516,768	427,060	
17.277	COVID-19 – WIOA National Dislocated Worker Grants / WIA Natio		5400	69,993	0	
17.277	WIOA National Dislocated Worker Grants / WIA C2C-SSC-AP-P17 Natio		6990	40,000	0	PT
Federal Program 17.277 Total				626,761	427,060	
17.280	WIOA Dislocated Worker National Reserve Demonstra		5400	2,267,416	2,239,827	
Federal Program 17.280 Total				2,267,416	2,239,827	
17.282	Trade Adjustment Assist Comm College & Career Trng	AP-33025-19-75-A-11	6990	33,294	0	PT
Federal Program 17.282 Total				33,294	0	
17.285	Apprenticeship USA Grants		2350	1,013,993	378,566	
Federal Program 17.285 Total				1,013,993	378,566	
17.503	Occupational Safety &Health State Prog		2350	6,875,733	0	
Federal Program 17.503 Total				6,875,733	0	
17.600	Mine Health and Safety Grants		3700	199,859	0	
Federal Program 17.600 Total				199,859	0	
17.720	Disability Employment Policy Development		5400	1,501,424	0	
Federal Program 17.720 Total				1,501,424	0	
17.805	Homeless Veterans' Reintegration Program		3050	470,551	0	
Federal Program 17.805 Total				470,551	0	
Dept of Labor Total				7,655,762,724	4,885,435	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of State

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
19.009	Academic Exchange Programs - Undergraduate Program	102536	3650	209,465	0	PT
Federal Program 19.009 Total				209,465	0	
19.021	Investing in People in the Middle East and North A		3800	63,929	0	
Federal Program 19.021 Total				63,929	0	
19.033	Global Threat Reduction	20000101901	3650	31,200	0	PT
Federal Program 19.033 Total				31,200	0	
19.124	East Asia and Pacific Grants Program		3600	20,691	0	
Federal Program 19.124 Total				20,691	0	
19.703	Criminal Justice Systems		3600	1,147,126	0	
Federal Program 19.703 Total				1,147,126	0	
19.U01	State - Unknown CFDA Number	2000009724	3650	54,244	0	PT
Federal Program 19.U01 Total				54,244	0	
Dept of State Total				1,526,655	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.106	Airport Improvement Program		4050	279,751	0	
	Federal Program 20.106 Total			279,751	0	
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Eff		2400	37,082	0	
	Federal Program 20.240 Total			37,082	0	
20.301	Railroad Safety		2150	4,899	0	
	Federal Program 20.301 Total			4,899	0	
20.314	Railroad Development		4050	138,141	0	
	Federal Program 20.314 Total			138,141	0	
20.505	Metropolitan Transportation Planning and State and		4050	1,074,604	489,111	
	Federal Program 20.505 Total			1,074,604	489,111	
20.509	Formula Grants for Rural Areas		4050	29,227,544	18,263,653	
	Federal Program 20.509 Total			29,227,544	18,263,653	
20.528	Rail Fixed Guideway Public Transportation System S		4050	656,418	0	
	Federal Program 20.528 Total			656,418	0	
20.615	E-911 Grant Program		2450	444,767	440,469	
	Federal Program 20.615 Total			444,767	440,469	
20.700	Pipeline Safety Program Base Grants		2150	1,618,723	0	
	Federal Program 20.700 Total			1,618,723	0	
20.701	University Transportation Centers Program		3600	2,431,044	1,274,307	
20.701		000024 AM02	3600	26,931	0	PT
20.701		17175AM04PTE69A355174	3600	57,657	0	PT
20.701		800007349-04UG	3600	11,359	0	PT
20.701		80000734904UG800094800	3600	37,492	0	PT
20.701		F8741-03	3600	82,740	0	PT
20.701		F8741-03 AM 01	3600	2,277	0	PT
20.701		F8741-03 AM 03	3600	91,419	0	PT
20.701		UAF18005469A3551747129	3600	318,776	0	PT

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Federal Programs Not Clustered

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.701	University Transportation Centers Program		3650	159,173	0	
20.701		2016068804WSU	3650	121,042	0	PT
20.701		AUF140103	3650	71,847	66,198	PT
20.701		UAF140103	3650	7,771	0	PT
20.701		G227-17-W6460 Amend 5	3700	310,692	10,933	PT
Federal Program 20.701 Total				3,730,220	1,351,438	
20.703	Interagency Hazardous Materials Public Sector Trai		2450	243,927	198,735	
Federal Program 20.703 Total				243,927	198,735	
20.933	National Infrastructure Investments		4050	4,386,025	0	
Federal Program 20.933 Total				4,386,025	0	
20.U01	DOT - Unknown CFDA Number	DHTN2217H00153	2280	318,923	0	
Federal Program 20.U01 Total				318,923	0	
Dept of Transportation Total				42,161,024	20,743,406	

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Federal Programs Not Clustered

Dept of the Treasury

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
21.008	Low Income Taxpayer Clinics		3600	114,162		0
Federal Program 21.008 Total				114,162		0
21.016	Equitable Sharing		1950	68,061		0
Federal Program 21.016 Total				68,061		0
21.019	COVID-19 – Coronavirus Relief Fund		0380	883,000		0
21.019			0570	34,038		0
21.019			0750	125,906		0
21.019			1000	1,180,000		0
21.019			1030	3,127,820	1,689,571	
21.019			1070	8,171,873		0
21.019			1400	1,828,000		0
21.019			3000	192,794,829		0
21.019			3030	42,450,363	133,440	
21.019			3070	69,427,500		0
21.019			3100	8,863,729		0
21.019			4610	890,000		0
21.019			4900	1,027,011		0
21.019			4950	8,817,703	8,817,703	
21.019			6990	156,902		0
Federal Program 21.019 Total				339,778,674	10,640,714	
21.U01	Department of Treasury - Unknown CFDA Number	Seizures	1170	97,421		0
Federal Program 21.U01 Total				97,421		0
Dept of the Treasury Total				340,058,318	10,640,714	

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Federal Programs Not Clustered

General Services Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
39.003	Donation of Federal Surplus Personal Property		0560	335	0	NC
39.003			0820	943	0	NC
39.003			1400	375	0	NC
39.003			1790	1,000	0	NC
39.003			2250	10,399	0	NC
39.003			3000	7,734	0	NC
39.003	COVID-19 – Donation of Federal Surplus Personal Property		3030	6,621	6,621	NC
39.003	Donation of Federal Surplus Personal Property		3050	4,064	0	NC
39.003			3100	1,375	0	NC
39.003			4050	4,701	0	NC
39.003			4610	4,682	0	NC
39.003			4770	2,247	0	NC
39.003			4950	325	0	NC
Federal Program 39.003 Total				44,801	6,621	
General Services Administration Total				44,801	6,621	

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Federal Programs Not Clustered

National Aeronautics & Space Admin

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
43.001	Science		3600	15,460,758	2,010,366	
43.001		102546 AM05	3600	103,997	0	PT
43.001		1552357MOD05PO1000454	3600	17,015	0	PT
43.001		1558798	3600	6,964	0	PT
43.001		1570694 MOD01	3600	30,441	0	PT
43.001		1572151 MOD02	3600	27,216	0	PT
43.001		1612851	3600	26,750	0	PT
43.001		1614008 MOD01	3600	28,583	0	PT
43.001		1616846 MOD01	3600	16,550	0	PT
43.001		1620701 MOD 1	3600	7,782	0	PT
43.001		1623976	3600	16,374	0	PT
43.001		1638405	3600	34,205	0	PT
43.001		1641292 MOD01	3600	25,274	0	PT
43.001		1GG013115PTENNX17AH0	3600	71,023	0	PT
43.001		2017-3519 AM04	3600	96,319	0	PT
43.001		2019-50 AM01	3600	14,093	0	PT
43.001		23156800 AM05	3600	217,329	0	PT
43.001		239700A AM01	3600	129,920	25,020	PT
43.001		3(GG015418) AM01	3600	11,486	0	PT
43.001		3004919118 AM02	3600	18,081	0	PT
43.001		408899 AM06	3600	24,808	0	PT
43.001		5111900 AM01	3600	91,131	0	PT
43.001		555432	3600	5,922	0	PT
43.001		AR8-19006X	3600	11,253	0	PT
43.001		G05-16085X AM03	3600	31,015	0	PT
43.001		G238-19-W7767 AM1	3600	86,724	0	PT
43.001		GK000716CON80000156A	3600	59,498	0	PT
43.001		GO7-18101A AM01	3600	497	0	PT
43.001		GO8-19090A AM01	3600	38,196	0	PT
43.001		HST-AR-14560.003-A	3600	(1)	0	PT
43.001		HST-AR-14575.001-A	3600	8,220	0	PT
43.001		HST-AR-15020.007-A	3600	12,522	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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National Aeronautics & Space Admin

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
43.001	Science	HST-GO-12055.01-A AM11	3600	77,496	0	PT
43.001		HST-GO-14912.002-A	3600	4,135	0	PT
43.001		HST-GO-15180.005-A	3600	13,949	0	PT
43.001		HST-GO-15216.004-A	3600	3,526	0	PT
43.001		HST-GO-15302.004-A	3600	10,186	0	PT
43.001		HST-GO-15656.003-A	3600	33,190	0	PT
43.001		HST-GO-15703.001-A	3600	154	0	PT
43.001		HSTAR13882001AAM03	3600	9,166	0	PT
43.001		HSTAR13901005AAM04	3600	22,578	0	PT
43.001		HSTAR14325001AAM02	3600	21,467	0	PT
43.001		HSTAR14563002AAM01	3600	(1,902)	0	PT
43.001		HSTAR15013004AAM01	3600	4,659	0	PT
43.001		HSTAR15016002AAM04	3600	54,824	0	PT
43.001		HSTAR15042003AMOD01	3600	8,329	0	PT
43.001		HSTAR15046001AAM03	3600	16,549	0	PT
43.001		HSTAR15800002AAM01	3600	44,760	0	PT
43.001		HSTGO13659002AAM02	3600	16,040	0	PT
43.001		HSTGO13768009AAM04	3600	6,715	0	PT
43.001		HSTGO14140006AAM02	3600	8,360	0	PT
43.001		HSTGO14173004AAM01	3600	(498)	0	PT
43.001		HSTGO14610001AAM01	3600	32,747	0	PT
43.001		HSTGO14675009AAM01	3600	16,782	0	PT
43.001		HSTGO14784003AAM001	3600	84,169	0	PT
43.001		HSTGO14786001AAM01	3600	16,647	0	PT
43.001		HSTGO14799002AAM01	3600	16,050	0	PT
43.001		HSTGO15154001AAM04	3600	87,384	0	PT
43.001		HSTGO15275009AAM02	3600	18,055	0	PT
43.001		HSTGO15293008AAM04	3600	35,595	0	PT
43.001		HSTGO15314003AAM04	3600	14,483	0	PT
43.001		MA1314	3600	1,449	0	PT
43.001		MA1314 AM05	3600	29,439	0	PT
43.001		NASA0004-02 AM03	3600	86,605	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

National Aeronautics & Space Admin

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
43.001	Science	NWRA-17-S-191 MOD002	3600	51,223	0	PT
43.001		R-20-0020	3600	7,407	0	PT
43.001		R1077 AM01	3600	17,083	0	PT
43.001		R1151	3600	12,003	0	PT
43.001		R160069PTENNX16AN35G	3600	20,569	0	PT
43.001		S-001254	3600	3,774	0	PT
43.001		SA0000681 AM01	3600	76,782	0	PT
43.001		SC 3365 MOD01	3600	837,685	0	PT
43.001		SC 3365 MOD03	3600	94,583	0	PT
43.001		SOF 07-0149 MOD02	3600	5,913	0	PT
43.001		SUBAWD000410 MOD02	3600	44,138	0	PT
43.001			3650	40,565	0	
43.001		1623611	3650	62,025	0	PT
43.001			3750	121,855	8,428	
43.001			3800	5,040	0	
43.001		15-710	3800	6,749	0	PT
43.001		1546127	3800	98,887	0	PT
43.001		F-2019-53	3800	8,689	0	PT
43.001		NNX15AJ98HS000005	6990	6,406	0	PT
Federal Program 43.001 Total				19,044,409	2,043,814	
43.002	Aeronautics		3600	288,767	82,736	
Federal Program 43.002 Total				288,767	82,736	
43.007	Space Operations		3650	620,803	520,328	
43.007		320000109817193	3650	59,217	0	PT
Federal Program 43.007 Total				680,020	520,328	
43.008	Office of Stem Engagement (OSTEM)		3600	828,032	112,760	
43.008		UWSC11971 BPO 48988	3800	2,232	0	PT
43.008		UWSC8586/BPO8889 YR 4/	3800	37,033	0	PT
Federal Program 43.008 Total				867,297	112,760	
43.012	Space Technology		3600	303,841	0	
43.012			3650	47,979	0	

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National Aeronautics & Space Admin

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 43.012 Total				351,820	0	
43.U01	NASA - Unknown CFDA Number	19053	3650	3,261	0	PT
Federal Program 43.U01 Total				3,261	0	
43.U03	NASA - Unknown CFDA Number	80NSSC19P0937	3650	162,919	0	
Federal Program 43.U03 Total				162,919	0	
43.U04	NASA - Unknown CFDA Number	1T60	6990	10,966	0	PT
Federal Program 43.U04 Total				10,966	0	
43.U50	NASA - Unknown CFDA Number	052019AW	3870	34,313	0	PT
43.U50		ArtsWa0120	3870	8,669	0	PT
Federal Program 43.U50 Total				42,982	0	
National Aeronautics & Space Admin Total				21,452,441	2,759,638	

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Federal Programs Not Clustered

National Foundation on the Arts and the Humanities

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
45.024	Promotion of the Arts Grants to Organizations and		3500	42,000	0	
45.024			3600	33,220	0	
45.024			3760	(3,240)	0	
45.024		C16R12454CR16R	3760	31,098	0	PT
45.024			4650	20,204	0	
Federal Program 45.024 Total				123,282	0	
45.025	Promotion of the Arts Partnership Agreements		3870	845,600	0	
45.025	COVID-19 – Promotion of the Arts Partnership Agreements		3870	329,430	0	
Federal Program 45.025 Total				1,175,030	0	
45.130	Promotion of the Humanities Challenge Grants		3650	4,153	0	
Federal Program 45.130 Total				4,153	0	
45.149	Promotion of the Humanities Division of Preservati		0850	154,031	0	
45.149			3600	(1,846)	0	
45.149			3650	5,856	0	
45.149			3750	5,673	0	
Federal Program 45.149 Total				163,714	0	
45.160	Promotion of the Humanities Fellowships and Stipen		3600	12,664	0	
Federal Program 45.160 Total				12,664	0	
45.162	Promotion of the Humanities Teaching and Learning		3650	1,592	0	
45.162	COVID-19 – Promotion of the Humanities Teaching and Learning		3750	3,668	0	
45.162	Promotion of the Humanities Teaching and Learning		6990	22,524	0	
Federal Program 45.162 Total				27,784	0	
45.163	Promotion of the Humanities Professional Development		3700	24,866	4,500	

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National Foundation on the Arts and the Humanities

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 45.163 Total				24,866	4,500	
45.301	Museums for America		3600	151,841	0	
45.301			3800	59,801	0	
Federal Program 45.301 Total				211,642	0	
45.310	Grants to States		0850	3,523,919	127,802	
45.310	COVID-19 – Grants to States		0850	2,953	0	
Federal Program 45.310 Total				3,526,872	127,802	
45.312	National Leadership Grants		3600	216,735	0	
45.312			3650	253,236	74,467	
Federal Program 45.312 Total				469,971	74,467	
45.313	Laura Bush 21ST Century Librarian Program		3600	290,456	8,832	
45.313		414313-UW	3600	82,185	0	PT
45.313			3650	162,278	0	
45.313		96-17-0113-17	6990	3,185	0	PT
Federal Program 45.313 Total				538,104	8,832	
National Foundation on the Arts and the Humanities Total				6,278,082	215,601	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Small Business Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
59.037	COVID-19 – Small Business Development Centers		3650	2,854,586	597,609	
Federal Program 59.037 Total				2,854,586	597,609	
59.037	Small Business Development Centers	135423-G004039	3800	184,953	0	PT
59.037		137816-G004184	3800	151,392	0	PT
59.037		138800-G004195	3800	17,534	0	PT
Federal Program 59.037 Total				353,879	0	
59.061	State Trade Expansion		1030	773,590	290,884	
Federal Program 59.061 Total				773,590	290,884	
Small Business Administration Total				3,982,055	888,493	

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Federal Programs Not Clustered

Department of Veterans Affairs

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
64.012	Veterans Prescription Service		3050	177,544	0	
Federal Program 64.012 Total				177,544	0	
64.015	Veterans State Nursing Home Care		3050	46,864,358	0	
64.015	COVID-19 – Veterans State Nursing Home Care		3050	452,899	0	
Federal Program 64.015 Total				47,317,257	0	
64.024	VA Homeless Providers Grant and Per Diem Program		3050	1,558,425	0	
64.024	COVID-19 – VA Homeless Providers Grant and Per Diem Program		3050	57,920	0	
Federal Program 64.024 Total				1,616,345	0	
64.027	ARRA - Post-9/11 Veterans Educational Assistance		6990	11,790	0	
Federal Program 64.027 Total				11,790	0	
64.035	Veterans Transportation Program/Grants for Transp		3050	33,365	0	
Federal Program 64.035 Total				33,365	0	
64.101	Burial Expenses Allowance for Veterans		3050	316,717	0	
Federal Program 64.101 Total				316,717	0	
64.110	Veterans Dependency and Indemnity Compensation for		6990	4,905	0	
Federal Program 64.110 Total				4,905	0	
64.115	Veterans Information and Assistance		3050	6,448	0	
Federal Program 64.115 Total				6,448	0	
64.116	Vocational Rehabilitation for Disabled Veterans		6990	205,833	0	
Federal Program 64.116 Total				205,833	0	
64.117	Survivors and Dependents Educational Assistance		6990	11,460	0	
Federal Program 64.117 Total				11,460	0	
64.124	All-Volunteer Force Educational Assistance		3400	354,173	0	

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Federal Programs Not Clustered

Department of Veterans Affairs

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
64.124	All-Volunteer Force Educational Assistance		3540	310,236		0
64.124			6990	2,037		0
Federal Program 64.124 Total				666,446		0
64.U01	VA - Unknown CFDA Number	132054	3650	28,717		0
Federal Program 64.U01 Total				28,717		0
64.U02	VA - Unknown CFDA Number	662D96072	3650	14,186		0
Federal Program 64.U02 Total				14,186		0
64.U03	VA - Unknown CFDA Number	reporting reimbursement	6990	74,534		0
Federal Program 64.U03 Total				74,534		0
Department of Veterans Affairs Total				50,485,547		0

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Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.032	State Indoor Radon Grants		3030	73,525	0	
	Federal Program 66.032 Total			73,525	0	
66.040	Diesel Emissions Reduction Act (DERA) State Grants		4610	13,379	13,379	
	Federal Program 66.040 Total			13,379	13,379	
66.123	Puget Sound Action Agenda: Technical Investigation		3030	4,183,083	2,239,195	
66.123			4050	8,049	0	
66.123			4610	5,633,595	3,935,494	
66.123			4770	3,990,534	0	
66.123		2019-13-WDFW	4770	44,212	0	PT
66.123			4780	1,733,686	1,289,405	
	Federal Program 66.123 Total			15,593,159	7,464,094	
66.203	Environmental Finance Center Grants	EPA EFC/E165, TASK#1,2	3700	28,032	0	PT
	Federal Program 66.203 Total			28,032	0	
66.204	Multipurpose Grants to States and Tribes		3030	2,858	0	
	Federal Program 66.204 Total			2,858	0	
66.419	Water Pollution Control State, Interstate, and Tri		3030	210,017	0	
66.419			4610	122,705	0	
	Federal Program 66.419 Total			332,722	0	
66.432	State Public Water System Supervision		3030	2,764,744	0	
	Federal Program 66.432 Total			2,764,744	0	
66.454	Water Quality Management Planning		4610	226,871	0	
	Federal Program 66.454 Total			226,871	0	
66.456	National Estuary Program	2019-37	3800	22,638	0	PT
66.456			4780	3,587,549	1,457,941	
	Federal Program 66.456 Total			3,610,187	1,457,941	
66.460	Nonpoint Source Implementation Grants		4610	3,386,223	1,990,601	
	Federal Program 66.460 Total			3,386,223	1,990,601	

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Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.461	Regional Wetland Program Development Grants		4610	161,085	0	
66.461			4900	32,265	0	
Federal Program 66.461 Total				193,350	0	
66.472	Beach Monitoring and Notification Program Implemen		4610	218,551	0	
Federal Program 66.472 Total				218,551	0	
66.605	Performance Partnership Grants		1030	270,553	0	
66.605			4610	9,234,869	1,800,576	
Federal Program 66.605 Total				9,505,422	1,800,576	
66.608	Environmental Information Exchange Network Grant P		3030	184,717	43,082	
66.608			4610	79,130	0	
66.608			4670	112,759	59,695	
66.608			4900	4,830	0	
Federal Program 66.608 Total				381,436	102,777	
66.700	Consolidated Pesticide Enforcement Cooperative Agr		4950	688,229	24,761	
Federal Program 66.700 Total				688,229	24,761	
66.707	TSCA Title Iv State Lead Grants Certification of L		1030	71,852	0	
Federal Program 66.707 Total				71,852	0	
66.708	Pollution Prevention Grants Program		4610	123,483	0	
Federal Program 66.708 Total				123,483	0	
66.716	Research, Development, Monitoring, Public Education		3650	236,612	0	
66.716		SA201916	3650	797	0	PT
66.716		SA202016	3650	19,220	0	PT
Federal Program 66.716 Total				256,629	0	
66.801	Hazardous Waste Management State Program Support		4610	1,706,870	0	
Federal Program 66.801 Total				1,706,870	0	

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Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.802	Superfund State, Political Subdivision, and Indian		4610	427,616	0	
66.802			4770	70,697	0	
Federal Program 66.802 Total				498,313	0	
66.804	Underground Storage Tank Prevention, Detection and		4610	443,000	0	
Federal Program 66.804 Total				443,000	0	
66.805	Leaking Underground Storage Tank Trust Fund Correc		4610	746,000	0	
Federal Program 66.805 Total				746,000	0	
66.808	Solid Waste Management Assistance Grants		3650	5,787	0	
Federal Program 66.808 Total				5,787	0	
66.809	Superfund State and Indian Tribe CORE Program Coop		4610	237,724	0	
Federal Program 66.809 Total				237,724	0	
66.817	State and Tribal Response Program Grants		4610	548,702	0	
Federal Program 66.817 Total				548,702	0	
66.951	Environmental Education Grants		3600	16,012	4,698	
66.951			3700	17,363	11,067	
Federal Program 66.951 Total				33,375	15,765	
66.U01	Environmental Protection Agency - Unknown CFDA Num	C895	6990	9,244	0	PT
Federal Program 66.U01 Total				9,244	0	
Environmental Protection Agency Total				41,699,667	12,869,894	

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Federal Programs Not Clustered

Nuclear Regulatory Commission

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
77.008	U.S. Nuclear Regulatory Commission Scholarship and		6990	88,017		0
Federal Program 77.008 Total				88,017		0
Nuclear Regulatory Commission Total				88,017		0

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Federal Programs Not Clustered

Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.041	State Energy Program		1030	642,393	27,286	
Federal Program 81.041 Total				642,393	27,286	
81.042	Weatherization Assist - Low Inc		1030	3,981,504	3,426,888	
Federal Program 81.042 Total				3,981,504	3,426,888	
81.106	Transport of Transuranic Wastes to the Waste Isola	K15250-TW20	2250	81,867	27,065	PT
Federal Program 81.106 Total				81,867	27,065	
81.112	Stewardship Science Grant Program	M1803341 AM02	3600	60,821	0	PT
81.112		M1803341 AM03	3600	39,269	0	PT
81.112			3650	5,531,530	489,146	
81.112		203186WSU	3650	186,889	0	PT
Federal Program 81.112 Total				5,818,509	489,146	
81.117	Energy Efficiency and Renewable Energy Information		1030	458,751	290,819	
81.117			3650	347,943	6,804	
Federal Program 81.117 Total				806,694	297,623	
81.121	Nuclear Energy Research, Development and Demonstra		3650	681,045	162,322	
81.121		0018	3650	137	0	PT
81.121		142120464294802	3650	29,773	0	PT
81.121		4012014	3650	(14,208)	0	PT
Federal Program 81.121 Total				696,747	162,322	
81.122	Electricity Research, Development and Analysis		3650	1,500,769	832,356	
81.122		20150660502	3650	270,911	0	PT
81.122		4012016A	3650	117,147	0	PT
81.122		S000872	3650	(363)	0	PT
81.122		WSU003625	3650	6,187	0	PT
Federal Program 81.122 Total				1,894,651	832,356	
81.124	Predictive Science Academic Alliance Program	202199UW AM08	3600	174,615	0	PT

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.124 Total				174,615	0	
81.U01	Energy - Unknown CFDA Number	"516084	3650	23,382	0	PT
Federal Program 81.U01 Total				23,382	0	
81.U02	Energy - Unknown CFDA Number	0F60061	3650	75,544	0	PT
Federal Program 81.U02 Total				75,544	0	
81.U03	Energy - Unknown CFDA Number	118074	3650	153,697	0	PT
Federal Program 81.U03 Total				153,697	0	
81.U04	Energy - Unknown CFDA Number	196561	3650	154,385	0	PT
Federal Program 81.U04 Total				154,385	0	
81.U05	Energy - Unknown CFDA Number	201931	3650	62,695	0	PT
Federal Program 81.U05 Total				62,695	0	
81.U06	Energy - Unknown CFDA Number	230862	3650	22,209	0	PT
Federal Program 81.U06 Total				22,209	0	
81.U10	Energy - Unknown CFDA Number	316309	3650	154,678	0	PT
Federal Program 81.U10 Total				154,678	0	
81.U12	Energy - Unknown CFDA Number	320972	3650	253,920	0	PT
Federal Program 81.U12 Total				253,920	0	
81.U13	Energy - Unknown CFDA Number	321180	3650	593,663	0	PT
Federal Program 81.U13 Total				593,663	0	
81.U14	Energy - Unknown CFDA Number	324880	3650	37,096	0	PT
Federal Program 81.U14 Total				37,096	0	
81.U15	Energy - Unknown CFDA Number	339057	3650	1,119	0	PT
Federal Program 81.U15 Total				1,119	0	
81.U16	Energy - Unknown CFDA Number	370358	3650	754	0	PT
Federal Program 81.U16 Total				754	0	
81.U17	Energy - Unknown CFDA Number	381667	3650	42,045	0	PT
Federal Program 81.U17 Total				42,045	0	
81.U18	Energy - Unknown CFDA Number	386586	3650	19,751	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.U18 Total				19,751	0	
81.U19	Energy - Unknown CFDA Number	388260	3650	11,569	0	PT
Federal Program 81.U19 Total				11,569	0	
81.U20	Energy - Unknown CFDA Number	4000159936	3650	4,510	0	PT
Federal Program 81.U20 Total				4,510	0	
81.U21	Energy - Unknown CFDA Number	404320	3650	84,062	0	PT
Federal Program 81.U21 Total				84,062	0	
81.U22	Energy - Unknown CFDA Number	272 and 331	1030	2,552,378	2,199,025	
Federal Program 81.U22 Total				2,552,378	2,199,025	
81.U23	Energy - Unknown CFDA Number	407930	3650	93,343	0	PT
Federal Program 81.U23 Total				93,343	0	
81.U25	Energy - Unknown CFDA Number	413678	3650	51,364	0	PT
Federal Program 81.U25 Total				51,364	0	
81.U26	Energy - Unknown CFDA Number	414836	3650	13,545	0	PT
Federal Program 81.U26 Total				13,545	0	
81.U27	Energy - Unknown CFDA Number	426011	3650	44,276	0	PT
Federal Program 81.U27 Total				44,276	0	
81.U28	Energy - Unknown CFDA Number	432041	3650	135,446	0	PT
Federal Program 81.U28 Total				135,446	0	
81.U29	Energy - Unknown CFDA Number	432188	3650	5,541	0	PT
Federal Program 81.U29 Total				5,541	0	
81.U30	Energy - Unknown CFDA Number	432570	3650	49,418	0	PT
Federal Program 81.U30 Total				49,418	0	
81.U31	Energy - Unknown CFDA Number	438660	3650	108,829	0	PT
Federal Program 81.U31 Total				108,829	0	
81.U32	Energy - Unknown CFDA Number	444041	3650	30,993	0	PT
Federal Program 81.U32 Total				30,993	0	
81.U33	Energy - Unknown CFDA Number	444059	3650	177,252	0	PT

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Federal Programs Not Clustered

Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.U33 Total				177,252	0	
81.U34	Energy - Unknown CFDA Number	449807	3650	12,137	0	PT
Federal Program 81.U34 Total				12,137	0	
81.U35	Energy - Unknown CFDA Number	454204	3650	19,963	0	PT
Federal Program 81.U35 Total				19,963	0	
81.U36	Energy - Unknown CFDA Number	471586	3650	52,549	0	PT
Federal Program 81.U36 Total				52,549	0	
81.U37	Energy - Unknown CFDA Number	502212	3650	24,443	0	PT
Federal Program 81.U37 Total				24,443	0	
81.U38	Energy - Unknown CFDA Number	477240	3650	54,539	0	PT
Federal Program 81.U38 Total				54,539	0	
81.U39	Energy - Unknown CFDA Number	477975	3650	42,786	0	PT
Federal Program 81.U39 Total				42,786	0	
81.U40	Energy - Unknown CFDA Number	481852	3650	29,970	0	PT
Federal Program 81.U40 Total				29,970	0	
81.U41	Energy - Unknown CFDA Number	487167	3650	9,328	0	PT
Federal Program 81.U41 Total				9,328	0	
81.U42	Energy - Unknown CFDA Number	489324	3650	32,264	0	PT
Federal Program 81.U42 Total				32,264	0	
81.U43	Energy - Unknown CFDA Number	498809	3650	22,601	0	PT
Federal Program 81.U43 Total				22,601	0	
81.U44	Energy - Unknown CFDA Number	500293	3650	42,344	0	PT
Federal Program 81.U44 Total				42,344	0	
81.U45	Energy - Unknown CFDA Number	500860	3650	3,130	0	PT
Federal Program 81.U45 Total				3,130	0	
81.U46	Energy - Unknown CFDA Number	501621	3650	29,960	0	PT
Federal Program 81.U46 Total				29,960	0	
81.U47	Energy - Unknown CFDA Number	475231	3650	45,464	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.U47 Total				45,464	0	
81.U48	Energy - Unknown CFDA Number	502231	3650	24,492	0	PT
Federal Program 81.U48 Total				24,492	0	
81.U49	Energy - Unknown CFDA Number	506217	3650	16,797	0	PT
Federal Program 81.U49 Total				16,797	0	
81.U50	Energy - Unknown CFDA Number	506560	3650	37,914	0	PT
Federal Program 81.U50 Total				37,914	0	
81.U51	Energy - Unknown CFDA Number	506570	3650	31,795	0	PT
Federal Program 81.U51 Total				31,795	0	
81.U52	Energy - Unknown CFDA Number	508280	3650	20,125	0	PT
Federal Program 81.U52 Total				20,125	0	
81.U53	Energy - Unknown CFDA Number	508638	3650	28,995	0	PT
Federal Program 81.U53 Total				28,995	0	
81.U54	Energy - Unknown CFDA Number	511933	3650	25,004	0	PT
Federal Program 81.U54 Total				25,004	0	
81.U55	Energy - Unknown CFDA Number	513637	3650	353	0	PT
Federal Program 81.U55 Total				353	0	
81.U56	Energy - Unknown CFDA Number	51419	3650	1,393	0	PT
Federal Program 81.U56 Total				1,393	0	
81.U57	Energy - Unknown CFDA Number	516049	3650	41,237	0	PT
Federal Program 81.U57 Total				41,237	0	
81.U58	Energy - Unknown CFDA Number	518593	3650	2,315	0	PT
Federal Program 81.U58 Total				2,315	0	
81.U59	Energy - Unknown CFDA Number	519010	3650	10,747	0	PT
Federal Program 81.U59 Total				10,747	0	
81.U60	Energy - Unknown CFDA Number	56682	3650	185,039	0	PT
Federal Program 81.U60 Total				185,039	0	
81.U61	Energy - Unknown CFDA Number	580688	3650	42,014	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.U61 Total				42,014	0	
81.U62	Energy - Unknown CFDA Number	62916	3650	2,120	0	PT
Federal Program 81.U62 Total				2,120	0	
81.U64	Energy - Unknown CFDA Number	64878	3650	43,324	0	PT
Federal Program 81.U64 Total				43,324	0	
81.U65	Energy - Unknown CFDA Number	64928	3650	32,985	0	PT
Federal Program 81.U65 Total				32,985	0	
81.U66	Energy - Unknown CFDA Number	69262	3650	1,729	0	PT
Federal Program 81.U66 Total				1,729	0	
81.U67	Energy - Unknown CFDA Number	69321	3650	9,923	0	PT
Federal Program 81.U67 Total				9,923	0	
81.U68	Energy - Unknown CFDA Number	6F32142	3650	102,082	0	PT
Federal Program 81.U68 Total				102,082	0	
81.U69	Energy - Unknown CFDA Number	71756	3650	22,977	0	PT
Federal Program 81.U69 Total				22,977	0	
81.U70	Energy - Unknown CFDA Number	73148	3650	22,004	0	PT
Federal Program 81.U70 Total				22,004	0	
81.U71	Energy - Unknown CFDA Number	7523597	3650	6,000	0	PT
Federal Program 81.U71 Total				6,000	0	
81.U73	Energy - Unknown CFDA Number	AHQ99200206	3650	2,608	0	PT
Federal Program 81.U73 Total				2,608	0	
81.U75	Energy - Unknown CFDA Number	C20-123	3650	16,969	0	PT
Federal Program 81.U75 Total				16,969	0	
81.U76	Energy - Unknown CFDA Number	XFC87033101	3650	44,736	0	PT
Federal Program 81.U76 Total				44,736	0	
81.U77	Energy - Unknown CFDA Number	XGJ66218401	3650	16,348	0	PT
Federal Program 81.U77 Total				16,348	0	
81.U78	Energy - Unknown CFDA Number	71419	3650	610,752	320,839	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 81.U78 Total				610,752	320,839	
81.U79	Energy - Unknown CFDA Number	81689	3650	13,319	0	
Federal Program 81.U79 Total				13,319	0	
81.U80	Energy - Unknown CFDA Number	SC0017923	3650	128,023	0	
81.U80		0201.19.061654	4610	50,048	0	PT
Federal Program 81.U80 Total				178,071	0	
81.U81	Energy - Unknown CFDA Number	0201.20.065209	4610	26,749	0	PT
Federal Program 81.U81 Total				26,749	0	
Dept of Energy Total				21,096,838	7,782,550	

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.002	Adult Education - Basic Grants to States		6990	10,103,626	0	
Federal Program 84.002 Total				10,103,626	0	
84.010	Title I Grants to Local Educational Agencies		3500	236,113,046	229,509,477	
Federal Program 84.010 Total				236,113,046	229,509,477	
84.011	Migrant Education_State Grant Program		3500	22,128,121	14,826,781	
84.011		20190297	3800	30,126	0	PT
84.011		20200233	3800	8,351	0	PT
84.011		20200346	3800	19,723	0	PT
Federal Program 84.011 Total				22,186,321	14,826,781	
84.013	Title I State Agency Program for Neglected and DEL		3500	2,423,635	2,403,315	
Federal Program 84.013 Total				2,423,635	2,403,315	
84.015	National Resource Centers Program for Foreign Lang		3600	3,048,124	84,364	
84.015		UWSC10271 / BPO36462	3800	70,714	0	PT
Federal Program 84.015 Total				3,118,838	84,364	
84.016	Undergraduate International Studies and Foreign La		6990	4,955	0	
Federal Program 84.016 Total				4,955	0	
84.031	Higher Education_Institutional Aid	A139002 AM2A	3600	36,671	0	PT
84.031		A139002 AM3	3600	67,939	0	PT
84.031			6990	9,251,570	0	
Federal Program 84.031 Total				9,356,180	0	
84.032	Federal Family Education Loans		6990	199,800	0	
Federal Program 84.032 Total				199,800	0	
84.048	Career and Technical Education -- Basic Grants to		3540	20,850,955	8,538,252	
Federal Program 84.048 Total				20,850,955	8,538,252	
84.101	Career and Technical Education - Indian Set-Aside	18190309ESA	6990	173,733	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.101	Career and Technical Education - Indian Set-Aside	V101A010017-03A	6990	49,055	0	PT
Federal Program 84.101 Total				222,788	0	
84.116	Fund for the Improvement of Postsecondary Education		6990	878	0	
Federal Program 84.116 Total				878	0	
84.126	Rehabilitation Services Vocational Rehabilitation		3000	37,528,578	0	
84.126			3150	9,699,159	0	
84.126			6990	197,053	0	
84.126		1761-10163	6990	116,535	0	PT
Federal Program 84.126 Total				47,541,325	0	
84.129	Rehabilitation Long-Term Training		3800	230,015	0	
Federal Program 84.129 Total				230,015	0	
84.141	Migrant Education_High School Equivalency Program		3650	173,613	0	
84.141			3750	471,498	0	
84.141			6990	473,741	0	
Federal Program 84.141 Total				1,118,852	0	
84.144	Migrant Education_Coordination Program		3500	89,248	0	
Federal Program 84.144 Total				89,248	0	
84.149	Migrant Education_College Assistance Migrant Progr		3600	433,922	0	
84.149			3650	387,393	0	
84.149			3700	(12)	0	
84.149			3750	427,339	0	
84.149			6990	799,728	0	
Federal Program 84.149 Total				2,048,370	0	
84.177	Rehabilitation Services Independent Living Service		3150	463,842	455,616	
Federal Program 84.177 Total				463,842	455,616	

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Federal Programs Not Clustered

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.181	Special Education-Grants for Infants and Families		3070	8,103,011	4,698,610	
Federal Program 84.181 Total				8,103,011	4,698,610	
84.184	School Safety National Activities (Formerly, Safe		3500	629,934	111,437	
Federal Program 84.184 Total				629,934	111,437	
84.187	Supported Employment Services for Individuals With		3000	450,458	0	
84.187			3150	49,534	0	
Federal Program 84.187 Total				499,992	0	
84.196	Education for Homeless Children and Youth		3500	1,393,861	1,090,413	
Federal Program 84.196 Total				1,393,861	1,090,413	
84.200	Graduate Assistance in Areas of National Need		3650	246,752	0	
Federal Program 84.200 Total				246,752	0	
84.206	Javits Gifted and Talented Students Education Gran		3500	27,609	0	
84.206		35788-02	3600	9,824	0	PT
Federal Program 84.206 Total				37,433	0	
84.264	Rehabilitation Training_Continuing Education	SA0000624 AM02	3600	99,240	0	PT
Federal Program 84.264 Total				99,240	0	
84.282	Charter Schools		3500	1,640,519	1,609,480	
Federal Program 84.282 Total				1,640,519	1,609,480	
84.287	Twenty-First Century Community Learning Centers		3500	14,753,675	13,912,269	
Federal Program 84.287 Total				14,753,675	13,912,269	
84.299	Indian Education -- Special Programs for Indian Ch		3650	60,573	0	
Federal Program 84.299 Total				60,573	0	
84.315	Traditionally Underserved Populations	NWIC-21060-SA-M01	3800	121,287	0	PT

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 84.315 Total				121,287	0	
84.325	Special Education - Personnel Development to Impro		3600	1,448,838	0	
Federal Program 84.325 Total				1,448,838	0	
84.326	Special Education_Technical Assistance and Dissemi		3500	181,591	181,591	
Federal Program 84.326 Total				181,591	181,591	
84.327	Special Education Educational Technology Media, An		3600	89,737	0	
Federal Program 84.327 Total				89,737	0	
84.334	Gaining Early Awareness and Readiness for Undergra		3400	3,811,264	2,718,950	
84.334			3600	9,676,969	7,000,481	
84.334			3650	5,454,118	413,104	
84.334			3750	2,796,638	708,646	
Federal Program 84.334 Total				21,738,989	10,841,181	
84.335	Child Care Access Means Parents in School		3650	171,579	0	
84.335			3760	37,261	0	
84.335			6990	421,537	0	
Federal Program 84.335 Total				630,377	0	
84.358	Rural Education		3500	1,377,905	1,310,623	
Federal Program 84.358 Total				1,377,905	1,310,623	
84.365	English Language Acquisition State Grants		3500	14,964,478	14,195,020	
84.365			3600	995,361	160,520	
84.365			3650	446,027	0	
Federal Program 84.365 Total				16,405,866	14,355,540	
84.367	Supporting Effective Instruction State Grant (Form		3500	31,062,551	29,320,465	
84.367		WACAULFIELDSEED2019	3650	17,100	0	PT
Federal Program 84.367 Total				31,079,651	29,320,465	

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.369	Grants for State Assessments and Related Activities		3500	7,214,202	0	
Federal Program 84.369 Total				7,214,202	0	
84.372	Statewide Longitudinal Data Systems		3500	1,417,614	0	
Federal Program 84.372 Total				1,417,614	0	
84.377	School Improvement Grants		3500	1,007,684	974,509	
Federal Program 84.377 Total				1,007,684	974,509	
84.382	Strengthening Minority-Serving Institutions		6990	292,832	0	
Federal Program 84.382 Total				292,832	0	
84.397	ARRA - SFSF - Government Services		3800	18,819	0	
Federal Program 84.397 Total				18,819	0	
84.407	Transition Programs for Students W/Intellectual DI		6990	572,437	0	
Federal Program 84.407 Total				572,437	0	
84.411	Education Innovation and Research (Formerly Invest	92-WA02-2018i3WP	3750	23,737	0	PT
84.411		92-WA02-2019i3WP	3750	61,879	0	PT
Federal Program 84.411 Total				85,616	0	
84.424	Student Support and Academic Enrichment Program		3500	13,051,907	12,580,953	
84.424		0656735	6990	48,974	0	PT
Federal Program 84.424 Total				13,100,881	12,580,953	
84.425	COVID-19 – Education Stabilization Fund		3500	3,497,099	3,497,099	
84.425			3600	20,317,073	0	
84.425			3650	19,350,958	0	
84.425			3700	4,305,000	0	
84.425			3750	5,715,992	0	
84.425			3760	1,149,625	0	
84.425			3800	6,173,001	0	
84.425			6990	36,088,626	0	

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 84.425 Total				96,597,374	3,497,099	
84.U01	Department of Education - Unknown CFDA Number	No Contract #	6990	11,048	0	
Federal Program 84.U01 Total				11,048	0	
Dept of Education Total				576,930,412	350,301,975	

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Miscellaneous Commissions

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
90.401	Help America Vote Act Requirements Payments		0850	3,908,188	54,262	
Federal Program 90.401 Total				3,908,188	54,262	
90.404	COVID-19 – Covid-19 2018 HAVA Election Security Grants		0850	8,188,889	8,183,437	
Federal Program 90.404 Total				8,188,889	8,183,437	
Miscellaneous Commissions Total				12,097,077	8,237,699	

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.041	Special Programs for the Aging_ Title VII, Chapter		3000	69,874	58,393	
Federal Program 93.041 Total				69,874	58,393	
93.042	Special Programs for the Aging Title VII, Chapter		3000	340,257	0	
93.042	COVID-19 – Special Programs for the Aging Title VII, Chapter		3000	27,983	27,983	
Federal Program 93.042 Total				368,240	27,983	
93.043	Special Programs for the Aging_ Title III, Part D_D		3000	580,316	580,316	
Federal Program 93.043 Total				580,316	580,316	
93.048	Special Programs for the Aging Title Iv and Title		1600	223,621	0	
93.048			3000	432,768	281,720	
93.048	COVID-19 – Special Programs for the Aging Title Iv and Title		3000	102,795	102,795	
Federal Program 93.048 Total				759,184	384,515	
93.052	National Family Caregiver Support, Title III, Part		3000	3,520,395	3,377,236	
93.052	COVID-19 – National Family Caregiver Support, Title III, Part		3000	431,753	431,753	
Federal Program 93.052 Total				3,952,148	3,808,989	
93.059	Training in General, Pediatric, and Public Health		3600	295,990	0	
Federal Program 93.059 Total				295,990	0	
93.067	Global AIDS		3600	58,372,811	28,445,983	
93.067		002-05 AM 006	3600	8,240	0	PT
93.067		10524SC AM02	3600	19,205	0	PT
93.067		1802524PO1000000866AM0	3600	58,093	0	PT
93.067		1802524POSR00005142AM	3600	26,880	0	PT
93.067		217708-ITECH-003	3600	15,866	0	PT
93.067		217708-ITECH-003 MOD03	3600	86,561	0	PT
93.067		217708-ITECH-004 MOD01	3600	69,812	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.067	Global AIDS	A149006 AM03	3600	354,561	0	PT
93.067		AM#1	3600	17,321	2,699	PT
93.067		NU2GGH002034- YEAR: 2	3600	125,488	0	PT
93.067		UW660444	3600	56,814	0	PT
Federal Program 93.067 Total				59,211,652	28,448,682	
93.069	Public Health Emergency Preparedness		3030	13,340,724	7,134,381	
Federal Program 93.069 Total				13,340,724	7,134,381	
93.070	Environmental Public Health and Emergency Response		3030	709,832	0	
Federal Program 93.070 Total				709,832	0	
93.071	Medicare Enrollment Assistance Program		1600	137,174	0	
93.071			3000	202,070	164,352	
Federal Program 93.071 Total				339,244	164,352	
93.072	Lifespan Respite Care Program		3000	308,832	13,316	
Federal Program 93.072 Total				308,832	13,316	
93.079	Cooperative Agreements to Promote Adolescent Health		3500	27,191	27,191	
Federal Program 93.079 Total				27,191	27,191	
93.082	Sodium Reduction in Communities	1171 CDIP AM04	3600	55,148	0	PT
Federal Program 93.082 Total				55,148	0	
93.083	Prevention of Disease Disability and Death Through	1171 CDIP AM03	3600	33,061	0	PT
Federal Program 93.083 Total				33,061	0	
93.084	Prevention of Disease, Disability, and Death By in	5-86001	3600	101,897	0	PT
93.084		A061640 AM07	3600	108,994	0	PT
93.084			3650	647,784	134,792	
Federal Program 93.084 Total				858,675	134,792	
93.086	Healthy Marriage Promotion and Responsible Fatherh		3100	1,591,959	0	
Federal Program 93.086 Total				1,591,959	0	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.087	Enhance the Safety of Children Affected By Parenta	132359001	3650	99,477	0	PT
Federal Program 93.087 Total				99,477	0	
93.090	Guardianship Assistance		3070	2,157,467	0	
Federal Program 93.090 Total				2,157,467	0	
93.092	Affordable Care Act Personal Resp. Ed Program		3030	1,018,423	768,594	
Federal Program 93.092 Total				1,018,423	768,594	
93.093	Health Profession Opportunity Grants		6990	2,717,481	0	
Federal Program 93.093 Total				2,717,481	0	
93.104	Comprehensive Community Mental Health Services for		1070	1,122,430	0	
Federal Program 93.104 Total				1,122,430	0	
93.107	Area Health Education Centers Point of Service Mai		3600	701,615	540,842	
Federal Program 93.107 Total				701,615	540,842	
93.110	Maternal and Child Health Federal Consolidated Pro		3030	216,891	41,813	
93.110		24299	3030	68,165	0	PT
93.110			3600	2,497,032	364,312	
93.110		1920 G WA101 AM1	3600	15,491	0	PT
93.110		807958.UW.18.1 AM01	3600	(4)	0	PT
93.110		807958.UW.18.1 AM02	3600	5,000	0	PT
93.110		GB10656PO2121838AM01	3600	6,792	0	PT
Federal Program 93.110 Total				2,809,367	406,125	
93.116	Project Grants and Cooperative Agreements for Tube		3030	1,327,639	570,854	
Federal Program 93.116 Total				1,327,639	570,854	
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity		3030	225,181	221,060	
93.118		SG-1068	3600	36,663	0	PT
Federal Program 93.118 Total				261,844	221,060	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.127	Emergency Medical Services for Children		3030	113,824	0	
93.127		12174SUB	3600	81,634	0	PT
Federal Program 93.127 Total				195,458	0	
93.130	Cooperative Agreements to States/Territories for T		3030	142,264	0	
Federal Program 93.130 Total				142,264	0	
93.137	Community Programs to Improve Minority Health Gran		3600	366,102	0	
Federal Program 93.137 Total				366,102	0	
93.145	HIV-Related Training and Technical Assistance		3600	3,952,198	2,153,880	
93.145		5849-03	3600	15,818	0	PT
Federal Program 93.145 Total				3,968,016	2,153,880	
93.150	Projects for Assistance in Transition From Homeless		1070	1,122,189	1,079,182	
Federal Program 93.150 Total				1,122,189	1,079,182	
93.153	Coordinated Services and Access to Research for UW633063		3600	1,819	0	PT
93.153		UW660289	3600	61,683	0	PT
Federal Program 93.153 Total				63,502	0	
93.161	Health Program for Toxic Substances and Disease 771120_UW Re		3600	105,438	0	PT
93.161		U61TS000238-R10-04	3600	(415)	0	PT
93.161		U61TS000238-R10-05	3600	68,945	0	PT
Federal Program 93.161 Total				173,968	0	
93.165	Grants to States for Loan Repayment Program		3400	556,478	0	
Federal Program 93.165 Total				556,478	0	
93.191	Graduate Psychology Education Program and Patient		3600	353,655	7,949	
Federal Program 93.191 Total				353,655	7,949	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.197	Childhood Lead Poisoning Prevention Projects State		3030	395,934	0	
93.197		158689 AM01	3600	76,301	0	PT
Federal Program 93.197 Total				472,235	0	
93.211	Telehealth Programs	5112962 AM01	3600	112,926	0	PT
93.211		SP11305	3600	5,421	0	PT
Federal Program 93.211 Total				118,347	0	
93.217	Family Planning_Services		3030	1,576,604	1,549,407	
Federal Program 93.217 Total				1,576,604	1,549,407	
93.236	Grants to States to Support Oral Health Workforce		3030	295,564	107,900	
93.236		19-07-5-01-069-0 AM01	3600	53,738	0	PT
93.236		19-07-5-01-069-0 AM02	3600	85,820	0	PT
Federal Program 93.236 Total				435,122	107,900	
93.241	State Rural Hospital Flexibility Program		3030	700,637	87,296	
Federal Program 93.241 Total				700,637	87,296	
93.243	Substance Abuse and Mental Health Services_Project		1070	4,942,686	670,554	
93.243			3030	658,620	455,143	
93.243			3500	779,185	571,135	
93.243			3600	2,923,479	545,541	
93.243		176076 AM01	3600	(10,952)	0	PT
93.243		2004352474 AM1	3600	27,683	0	PT
93.243		4312021718665733LMOD01	3600	94,637	0	PT
93.243		AM02	3600	914	0	PT
93.243		UW638667	3600	218,902	0	PT
93.243			3650	443,050	0	
93.243			3700	83,107	0	
Federal Program 93.243 Total				10,161,311	2,242,373	
93.247	Advanced Nursing Education Grant Program		3100	503,133	0	
93.247			3600	177,698	0	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.247	Advanced Nursing Education Grant Program		3650	642,127	75,129	
Federal Program 93.247 Total				1,322,958	75,129	
93.250	Geriatric Academic Career Awards		3600	67,766	0	
Federal Program 93.250 Total				67,766	0	
93.251	Early Hearing Detection and Intervention		3030	236,077	54,496	
Federal Program 93.251 Total				236,077	54,496	
93.266	Health Systems Strengthening and HIV/AIDS Preventi		3600	15,377,453	2,936,623	
Federal Program 93.266 Total				15,377,453	2,936,623	
93.268	Immunization Cooperative Agreements		3030	7,862,480	1,616,278	
93.268			3030	83,752,385	83,752,385	NC
Federal Program 93.268 Total				91,614,865	85,368,663	
93.270	Viral Hepatitis Prevention and Control		3030	678,281	59,200	
93.270			3600	334,056	0	
93.270		1133 PREV AM04	3600	24,001	0	PT
Federal Program 93.270 Total				1,036,338	59,200	
93.297	Teenage Pregnancy Prevention Program		3030	272,934	39,490	
Federal Program 93.297 Total				272,934	39,490	
93.300	National Center for Health Workforce Analysis		3600	1,059,816	0	
Federal Program 93.300 Total				1,059,816	0	
93.301	Small Rural Hospital Improvement Grant Program		3030	349,261	334,921	
93.301	COVID-19 – Small Rural Hospital Improvement Grant Program		3030	2,107,498	2,078,400	
Federal Program 93.301 Total				2,456,759	2,413,321	
93.305	PPHF 2018: Office of Smoking and Health-National S		3030	1,103,640	351,488	
Federal Program 93.305 Total				1,103,640	351,488	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.314	Early Hearing Detection and Intervention Informati		3030	214,033	0	
Federal Program 93.314 Total				214,033	0	
93.318	Protecting and Improving Health Globally: Building		3600	798,583	0	
93.318			3650	532,893	59,426	
Federal Program 93.318 Total				1,331,476	59,426	
93.322	CSELSs Partnership: Strengthening Public Health Lab	56401-200-944-20-09	3600	16,449	0	PT
Federal Program 93.322 Total				16,449	0	
93.323	Epidemiology and Laboratory Capacity for Infection		3030	7,540,543	1,121,292	
93.323	COVID-19 – Epidemiology and Laboratory Capacity for Infection		3030	44,726	0	
Federal Program 93.323 Total				7,585,269	1,121,292	
93.324	State Health Insurance Assistance Program		1600	898,692	0	
Federal Program 93.324 Total				898,692	0	
93.326	Strengthening Public Health Through Surveillance		3650	7,642,090	1,759,623	
Federal Program 93.326 Total				7,642,090	1,759,623	
93.336	Behavioral Risk Factor Surveillance System		3030	338,688	0	
Federal Program 93.336 Total				338,688	0	
93.354	Public Health Emergency Response: Cooperative Agree		3030	2,109,945	971,951	
93.354	COVID-19 – Public Health Emergency Response: Cooperative Agree		3030	10,037,082	3,364,397	
Federal Program 93.354 Total				12,147,027	4,336,348	
93.359	Nurse Education, Practice and Retention Grants		3600	620,925	78,498	
Federal Program 93.359 Total				620,925	78,498	
93.369	ACL Independent Living State Grants		3000	420,870	353,761	
Federal Program 93.369 Total				420,870	353,761	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.380	The CDC Public Health Cancer Genomics Program Tran		3030	180,378	0	
Federal Program 93.380 Total				180,378	0	
93.387	National and State Tobacco Control Program		3030	484	0	
Federal Program 93.387 Total				484	0	
93.407	ARRA - Scholarship for Disadvantaged Students		3650	(500)	0	
Federal Program 93.407 Total				(500)	0	
93.408	ARRA - Nurse Faculty Loan Program		3600	(17,301)	0	OL
93.408			3600	46,618	0	OL
Federal Program 93.408 Total				29,317	0	
93.413	The State Flexibility to Stabilize the Market Gran		1600	137,209	0	
Federal Program 93.413 Total				137,209	0	
93.421	Strengthening Public Health Systems and Services	24171	3030	57,696	46,822	PT
93.421		24225	3030	11,917	0	PT
93.421		24350	3030	7,500	0	PT
93.421		0052020	3600	78,404	26,096	PT
93.421		0742019	3600	151,266	96,759	PT
93.421		C1440	3600	47,964	0	PT
93.421		G1288 AM#1	3600	23,386	0	PT
93.421		G1289 AM#1	3600	27,916	0	PT
93.421		G1290 AM#1	3600	45,780	0	PT
93.421		G1291 AM#1	3600	187,154	0	PT
93.421		G1468	3600	51,189	0	PT
93.421		G1511	3600	120,636	0	PT
Federal Program 93.421 Total				810,808	169,677	
93.426	Improving the Health of Americans Through Preventa		3030	1,873,528	723,025	
Federal Program 93.426 Total				1,873,528	723,025	

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.433	ACL National Institute on Disability, Independent		3600	3,409,854	203,727	
93.433		000513370-002 AM03	3600	2,354	0	PT
93.433		000513370-002 AM04	3600	26,400	0	PT
93.433		1090562-409090	3600	(22,197)	0	PT
93.433		1090604-422918	3600	13,602	0	PT
93.433		19-1800 AM01	3600	3,515	0	PT
93.433		2020YR31800UWASHADA	3600	9,563	0	PT
93.433		2694-UWBY1	3600	37,781	0	PT
93.433		2694-UWBY2	3600	86,898	0	PT
93.433		7258	3600	34,357	0	PT
93.433		7258 AM01	3600	206,790	0	PT
93.433			3650	519,599	279,364	
Federal Program 93.433 Total				4,328,516	483,091	
93.434	Every Student Succeeds Act/Preschool Development G		3070	5,084,622	628,875	
93.434		19 15443 26980 00 AM01	3600	144,869	0	PT
93.434		138375001	3650	18,237	0	PT
Federal Program 93.434 Total				5,247,728	628,875	
93.435	Innovative State and Local Public Health Strategies		3030	515,239	213,149	
Federal Program 93.435 Total				515,239	213,149	
93.436	Well-Integrated Screening and Evaluation for Women		3030	382,829	173,483	
Federal Program 93.436 Total				382,829	173,483	
93.439	State Physical Activity and Nutrition (Span)		3030	952,342	338,423	
Federal Program 93.439 Total				952,342	338,423	
93.448	Food Safety and Security Monitoring Project		3030	185,948	0	
93.448			4950	221,802	0	
Federal Program 93.448 Total				407,750	0	

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93.461	COVID-19 – Covid-19 Testing for the Uninsured		3600	396,769	0	
Federal Program 93.461 Total				396,769	0	
93.464	ACL Assistive Technology		3600	788,463	0	
Federal Program 93.464 Total				788,463	0	
93.470	Alzheimer's Disease Program Initiative	158394 AM01	3600	24,399	0	PT
Federal Program 93.470 Total				24,399	0	
93.478	Preventing Maternal Deaths: Supporting Maternal Mo		3030	175,199	0	
Federal Program 93.478 Total				175,199	0	
93.488	National Harm Reduction Technical Assistance and S		3600	266,245	74,176	
Federal Program 93.488 Total				266,245	74,176	
93.500	Pregnancy Assistance Fund Program		3030	921,729	362,276	
Federal Program 93.500 Total				921,729	362,276	
93.508	Affordable Care Act Tribal Maternal, Infant & Early	A71880 MOD09	3600	39,111	0	PT
Federal Program 93.508 Total				39,111	0	
93.516	Public Health Training Centers Program		3600	750,730	95,512	
Federal Program 93.516 Total				750,730	95,512	
93.517	Affordable Care Act Aging & Disability Rsrc Center		3000	41,069	0	
Federal Program 93.517 Total				41,069	0	
93.521	The Affordable Care Act: Building Epidemiology, La		3030	22,300	0	
Federal Program 93.521 Total				22,300	0	
93.539	PPHF Capacity Building Assistance to Strengthen Pu		3030	5,000	0	
Federal Program 93.539 Total				5,000	0	
93.556	Marylee Allen Promoting Safe and Stable Families P		3070	5,923,322	0	

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93.556	Marylee Allen Promoting Safe and Stable Families P	KC267300	3700	75,266	0	PT
93.556		KC281800	3700	63,967	0	PT
Federal Program 93.556 Total				6,062,555	0	
93.558	Temporary Assistance for Needy Families		3000	309,468,459	0	
93.558		1865-33449	6990	687,975	0	PT
93.558		C18-181	6990	88	0	PT
Federal Program 93.558 Total				310,156,522	0	
93.563	Child Support Enforcement		3000	120,402,648	25,223,686	
Federal Program 93.563 Total				120,402,648	25,223,686	
93.566	Refugee and Entrant Assistance State Administered		1070	21,440	0	
93.566			3000	17,401,052	602,715	
Federal Program 93.566 Total				17,422,492	602,715	
93.568	Low-Income Home Energy Assistance		1030	61,682,321	55,168,510	
93.568	COVID-19 – Low-Income Home Energy Assistance		1030	1,236,359	1,236,359	
Federal Program 93.568 Total				62,918,680	56,404,869	
93.569	Community Services Block Grant		1030	8,119,152	7,516,086	
93.569	COVID-19 – Community Services Block Grant		1030	157,798	157,798	
Federal Program 93.569 Total				8,276,950	7,673,884	
93.576	Refugee and Entrant Assistance_Discretionary Grant		3000	135,000	135,000	
93.576		1665-77400	6990	63,038	0	PT
Federal Program 93.576 Total				198,038	135,000	
93.586	State Court Improvement Program		0550	609,621	0	
Federal Program 93.586 Total				609,621	0	
93.590	Community-Based Child Abuse Prevention Grants		3070	815,582	248,208	
Federal Program 93.590 Total				815,582	248,208	

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93.597	Grants to States for Access and Visitation Program		3000	151,192	108,371	
Federal Program 93.597 Total				151,192	108,371	
93.599	Chafee Education and Training Vouchers Program		3070	922,000	0	
Federal Program 93.599 Total				922,000	0	
93.602	Assets for Independence Demonstration Program		3650	694,815	0	
Federal Program 93.602 Total				694,815	0	
93.612	Native American Programs	WSU003561	3650	26,016	0	PT
Federal Program 93.612 Total				26,016	0	
93.630	Developmental Disabilities Basic Support and Advoc		1030	1,197,045	230,534	
Federal Program 93.630 Total				1,197,045	230,534	
93.632	University Centers for Excellence in Developmental		3600	563,197	0	
Federal Program 93.632 Total				563,197	0	
93.638	Aca-Transforming Clinical Practice Initiative: Pra		3030	800,935	350,616	
93.638			3600	3,674,386	0	
Federal Program 93.638 Total				4,475,321	350,616	
93.639	Aca-Transforming Clinical Practice Initiative: Sup	UW635213	3600	92,230	0	PT
Federal Program 93.639 Total				92,230	0	
93.643	Children's Justice Grants to States		3070	199,363	0	
Federal Program 93.643 Total				199,363	0	
93.644	Adult Medicaid Quality: Improving Maternal and Inf		1070	6,354	0	
Federal Program 93.644 Total				6,354	0	
93.645	Stephanie Tubbs Jones Child Welfare Services Progr		3070	5,170,852	0	
93.645		#1C100800	3700	30,643	0	PT

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.645	Stephanie Tubbs Jones Child Welfare Services Progr	1C107900	3700	24,460	0	PT
Federal Program 93.645 Total				5,225,955	0	
93.652	Adoption Opportunities		3070	236,805	0	
93.652		90CO1134-02-01 (PRIME)	3600	11,927	0	PT
93.652		90CO1134-02-01 (PRIME)	3600	56,187	21,895	PT
93.652		UW635235	3600	47,731	8,176	PT
93.652		UW660712	3600	130,127	13,738	PT
93.652		UW661244	3600	18,851	0	PT
93.652		UW661680	3600	47,151	20,112	PT
Federal Program 93.652 Total				548,779	63,921	
93.658	Foster Care Title Iv-E		3070	105,876,696	0	
93.658	COVID-19 – Foster Care Title Iv-E		3070	13,107,032	0	
93.658	Foster Care Title Iv-E	KC261400	3700	115,989	8,963	PT
93.658		KC278400	3700	482,651	0	PT
93.658		KC279000	3700	1,004,966	69,503	PT
Federal Program 93.658 Total				120,587,334	78,466	
93.659	Adoption Assistance		3070	55,074,030	0	
Federal Program 93.659 Total				55,074,030	0	
93.664	Substance Use Disorder Prevention That Promotes OP		1070	331,825	0	
Federal Program 93.664 Total				331,825	0	
93.665	COVID-19 – Covid-19 Emergency Grants to Address Mental&Substa		1070	4,265	0	
93.665			2450	369,715	369,715	
Federal Program 93.665 Total				373,980	369,715	
93.667	Social Services Block Grant		3000	5,675,000	0	
93.667			3070	37,569,700	0	
Federal Program 93.667 Total				43,244,700	0	
93.669	Child Abuse and Neglect State Grants		3070	917,127	0	
Federal Program 93.669 Total				917,127	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.670	Child Abuse and Neglect Discretionary Activities		3070	61,398	0	
Federal Program 93.670 Total				61,398	0	
93.671	Family Violence Prevention and Services/Grants for		3000	2,187,760	2,116,423	
93.671	COVID-19 – Family Violence Prevention and Services/Grants for		3000	49,284	0	
Federal Program 93.671 Total				2,237,044	2,116,423	
93.674	John H. Chafee Foster Care Program for Successful		3070	3,130,017	2,209,470	
Federal Program 93.674 Total				3,130,017	2,209,470	
93.732	Mental and Behavioral Health Education and Training		3600	462,221	0	
Federal Program 93.732 Total				462,221	0	
93.733	Capacity Building Assist Strengthen Ph Immuniz		3030	47,161	0	
Federal Program 93.733 Total				47,161	0	
93.734	Empowering Older Adults & Adults With Disabilities		3000	188,550	0	
Federal Program 93.734 Total				188,550	0	
93.735	State Public Health Approaches for Ensuring Quitli		3030	254,405	0	
Federal Program 93.735 Total				254,405	0	
93.747	Elder Abuse Prevention Interventions Program		3000	41,451	0	
Federal Program 93.747 Total				41,451	0	
93.761	Evidence-Based Falls Prevention Programs Fina		3030	215,563	152,845	
Federal Program 93.761 Total				215,563	152,845	
93.767	Children's Health Insurance Program		1070	91,073,259	0	
93.767	COVID-19 – Children's Health Insurance Program		1070	72,000,358	0	
93.767	Children's Health Insurance Program		3000	2,125,799	0	

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.767	COVID-19 – Children's Health Insurance Program		3000	18,809	0	
Federal Program 93.767 Total				165,218,225	0	
93.772	Tribal Public Health Capacity Building and Quality	PO# 237271 AM01	3600	300,132	0	PT
Federal Program 93.772 Total				300,132	0	
93.788	Opioid Str		1070	37,052,287	28,805,334	
93.788			3650	273,520	0	
Federal Program 93.788 Total				37,325,807	28,805,334	
93.791	Money Follows the Person Rebalancing Demonstration		1070	6,470	0	
93.791			3000	22,656,108	151,759	
Federal Program 93.791 Total				22,662,578	151,759	
93.800	Organized Approaches to Increase Colorectal Cancer		3030	1,286,525	845,423	
Federal Program 93.800 Total				1,286,525	845,423	
93.810	Paul Coverdell National Acute Stroke Program Natio		3030	1,008,552	79,689	
Federal Program 93.810 Total				1,008,552	79,689	
93.817	Hospital Preparedness Program (HPP) Ebola Prepared		3030	1,300,489	784,047	
Federal Program 93.817 Total				1,300,489	784,047	
93.822	Health Careers Opportunity Program		3600	162,176	0	
Federal Program 93.822 Total				162,176	0	
93.870	Maternal, Infant and Early Childhood Home Visiting		3070	9,323,871	7,024,657	
Federal Program 93.870 Total				9,323,871	7,024,657	
93.876	Antimicrobial Resistance Surveillance in Retail Fo		3030	111,598	0	
Federal Program 93.876 Total				111,598	0	
93.877	Autism Collaboration, Accountability, Research, Ed		3600	258,629	0	

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 93.877 Total				258,629	0	
93.884	Grants for Primary Care Training and Enhancement		3600	747,272	159,140	
93.884			3650	327,697	18,558	
Federal Program 93.884 Total				1,074,969	177,698	
93.889	National Bioterrorism Hospital Preparedness Progra		3030	4,548,676	3,273,818	
93.889	COVID-19 – National Bioterrorism Hospital Preparedness Progra		3030	104,792	0	
93.889	National Bioterrorism Hospital Preparedness Progra	11786SC	3600	45,954	0	PT
Federal Program 93.889 Total				4,699,422	3,273,818	
93.898	Cancer Prevention and Control Programs for State,		3030	6,787,666	4,872,852	
Federal Program 93.898 Total				6,787,666	4,872,852	
93.913	Grants to States for Operation of Offices of Rural		3030	82,800	20,959	
Federal Program 93.913 Total				82,800	20,959	
93.917	HIV Care Formula Grants		3030	16,902,324	603,939	
Federal Program 93.917 Total				16,902,324	603,939	
93.940	HIV Prevention Activities_Health Department Based		3030	5,691,632	3,163,009	
Federal Program 93.940 Total				5,691,632	3,163,009	
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immuno		3030	1,383,615	1,117,283	
Federal Program 93.944 Total				1,383,615	1,117,283	
93.945	Assistance Programs for Chronic Disease Prevention		3030	317,104	139,907	
93.945		100700-114510 AM06	3600	139,094	0	PT
93.945		11952SUB MOD01	3600	7,441	0	PT
93.945		WFUHS 114529 AM04	3600	97,432	0	PT
Federal Program 93.945 Total				561,071	139,907	

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.946	Cooperative Agreements to Support State-Based Safe		3030	214,646	0	
Federal Program 93.946 Total				214,646	0	
93.958	Block Grants for Community Mental Health Services		1070	19,911,552	11,118,407	
93.958		1565-52693	3760	35,864	0	PT
93.958		19BHO2100	6990	61,771	0	PT
Federal Program 93.958 Total				20,009,187	11,118,407	
93.959	Block Grants for Prevention and Treatment of Subst		1070	54,834,407	38,558,603	
93.959		18-332-74516-0	3600	13,577	0	PT
93.959		18-332-74516-0 AM01	3600	53,961	0	PT
93.959		196354	3600	67,209	0	PT
Federal Program 93.959 Total				54,969,154	38,558,603	
93.969	PPHF Geriatric Education Centers		3600	692,196	215,034	
Federal Program 93.969 Total				692,196	215,034	
93.970	Health Professions Recruitment Program for Indians	1016600_WSU	3650	10,800	0	PT
Federal Program 93.970 Total				10,800	0	
93.977	Sexually Transmitted Diseases (Std) Prevention and		3030	2,006,148	948,178	
93.977			3600	586,723	0	
Federal Program 93.977 Total				2,592,871	948,178	
93.981	Improving Student Health and Academic Achievement		3500	348,856	59,122	
Federal Program 93.981 Total				348,856	59,122	
93.991	Preventive Health and Health Services Block Grant		3030	1,339,609	546,847	
Federal Program 93.991 Total				1,339,609	546,847	
93.994	Maternal and Child Health Services Block Grant to		3030	8,607,677	5,535,505	
Federal Program 93.994 Total				8,607,677	5,535,505	

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.U01	HHS - Unknown CFDA Number	110847313	3650	26,914	0	PT
Federal Program 93.U01 Total				26,914	0	
93.U02	HHS - Unknown CFDA Number	11891SUB	3650	28,279	0	PT
Federal Program 93.U02 Total				28,279	0	
93.U03	HHS - Unknown CFDA Number	12164SUB	3650	62,267	0	PT
Federal Program 93.U03 Total				62,267	0	
93.U04	HHS - Unknown CFDA Number	135584001	3650	14,182	0	PT
Federal Program 93.U04 Total				14,182	0	
93.U05	HHS - Unknown CFDA Number	136558	3650	98,931	0	PT
Federal Program 93.U05 Total				98,931	0	
93.U06	HHS - Unknown CFDA Number	161975	3650	5,003	0	PT
Federal Program 93.U06 Total				5,003	0	
93.U07	HHS - Unknown CFDA Number	2037093	3650	292	0	PT
Federal Program 93.U07 Total				292	0	
93.U09	HHS - Unknown CFDA Number	FY18001024	3650	365,348	0	PT
Federal Program 93.U09 Total				365,348	0	
93.U10	HHS - Unknown CFDA Number	GAR24280382	3650	45,618	0	PT
Federal Program 93.U10 Total				45,618	0	
93.U12	HHS - Unknown CFDA Number	GAR55102178	3650	5,971	0	PT
Federal Program 93.U12 Total				5,971	0	
93.U13	HHS - Unknown CFDA Number	R44DA049629	3650	20,203	0	PT
Federal Program 93.U13 Total				20,203	0	
93.U14	HHS - Unknown CFDA Number	WAS255636	3650	181,658	0	PT
Federal Program 93.U14 Total				181,658	0	
93.U16	HHS - Unknown CFDA Number	WSU003495	3650	93,510	0	PT
Federal Program 93.U16 Total				93,510	0	
93.U17	HHS - Unknown CFDA Number	WSU003704	3650	89,912	0	PT
Federal Program 93.U17 Total				89,912	0	

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Federal Programs Not Clustered

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.U18	HHS - Unknown CFDA Number	19IPA1916684	3650	4,576	0	
Federal Program 93.U18 Total				4,576	0	
93.U19	HHS - Unknown CFDA Number	HHSS283201600001C	1070	8,417	0	PT
Federal Program 93.U19 Total				8,417	0	
Dept of Health & Human Services Total				1,413,294,787	356,798,210	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Corp for National & Community Service

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
94.002	Retired and Senior Volunteer Program		3750	67,658	0	
94.002			6990	58,999	0	
Federal Program 94.002 Total				126,657	0	
94.003	State Commissions		1050	393,633	0	
Federal Program 94.003 Total				393,633	0	
94.006	AmeriCorps		1050	13,130,992	5,041,114	
94.006		2320200	3600	143,519	0	PT
94.006		480200	3600	26,187	0	PT
94.006			3800	426,808	0	
94.006			6990	154,580	0	
Federal Program 94.006 Total				13,882,086	5,041,114	
94.009	Training and Technical Assistance		1050	239,614	0	
Federal Program 94.009 Total				239,614	0	
94.013	Volunteers in Service to America		3800	21,039	0	
Federal Program 94.013 Total				21,039	0	
94.019	Social Innovation Fund	2015-0077	3600	1,165	0	PT
Federal Program 94.019 Total				1,165	0	
94.021	Volunteer Generation Fund		1050	98,503	0	
Federal Program 94.021 Total				98,503	0	
Corp for National & Community Service Total				14,762,697	5,041,114	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Executive Office of the President

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
95.001	High Intensity Drug Trafficking Areas Program		2250	476,020	0	
95.001		C120331GSC-LEA9	2250	11,241	0	PT
95.001		9001700071 AM01	3600	5,168	0	PT
95.001		9001800032	3600	9,273	0	PT
95.001		9001800038	3600	89,709	49,212	PT
Federal Program 95.001 Total				591,411	49,212	
Executive Office of the President Total				591,411	49,212	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Programs Not Clustered

Dept of Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
97.008	Non-Profit Security Program		2450	535,389	535,389	
	Federal Program 97.008 Total			535,389	535,389	
97.012	Boating Safety Financial Assistance		4650	1,759,573	0	
	Federal Program 97.012 Total			1,759,573	0	
97.023	Community Assistance Program State Support Service		4610	168,955	0	
	Federal Program 97.023 Total			168,955	0	
97.029	Flood Mitigation Assistance		2450	42,640	20,688	
	Federal Program 97.029 Total			42,640	20,688	
97.036	COVID-19 – Disaster Grants - Public Assistance (Presidential)		2450	236,779,114	236,779,114	
	Federal Program 97.036 Total			236,779,114	236,779,114	
97.039	Hazard Mitigation Grant		2450	3,352,640	2,952,019	
	Federal Program 97.039 Total			3,352,640	2,952,019	
97.041	National Dam Safety Program		4610	90,722	0	
	Federal Program 97.041 Total			90,722	0	
97.042	Emergency Management Performance Grants		2450	6,630,657	3,897,505	
	Federal Program 97.042 Total			6,630,657	3,897,505	
97.043	State Fire Training Systems Grants		2250	1,408	0	
	Federal Program 97.043 Total			1,408	0	
97.044	Assistance to Firefighters Grant		2250	251,625	0	
	Federal Program 97.044 Total			251,625	0	
97.045	Cooperating Technical Partners		2450	11,491	203	
97.045			4610	174,161	0	
97.045			4900	27,284	0	
	Federal Program 97.045 Total			212,936	203	
97.046	Fire Management Assistance Grant		2450	8,270,228	8,270,228	
	Federal Program 97.046 Total			8,270,228	8,270,228	

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Federal Programs Not Clustered

Dept of Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
97.047	Pre-Disaster Mitigation		2450	834,062	660,094	
Federal Program 97.047 Total				834,062	660,094	
97.056	Port Security Grant Program		2250	228,582	0	
97.056			4050	39,713	0	
97.056			4770	31,595	0	
Federal Program 97.056 Total				299,890	0	
97.061	Centers for Homeland Security	M2001779	3600	46,132	0	PT
97.061		P0484663 AM07	3600	14,351	0	PT
Federal Program 97.061 Total				60,483	0	
97.067	Homeland Security Grant Program		2450	11,249,127	10,760,797	
97.067		201810011	4770	1,438	0	PT
97.067		EMW-2018-SS-S01	4770	5,393	0	PT
97.067		Grant #E20-053	4770	5,799	0	PT
97.067		WDFW 19-13409	4770	25,846	0	PT
Federal Program 97.067 Total				11,287,603	10,760,797	
97.082	Earthquake Consortium		2450	56,911	250	
Federal Program 97.082 Total				56,911	250	
97.091	Homeland Security Biowatch Program	23566	3030	693,289	0	PT
Federal Program 97.091 Total				693,289	0	
97.U01	Homeland Security - Unknown CFDA Number	Agreement	4770	27,376	0	
Federal Program 97.U01 Total				27,376	0	
Dept of Homeland Security Total				271,355,501	263,876,287	

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Federal Programs Not Clustered

U.S. Agency for International Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
98.001	USAID Foreign Assistance for Programs Overseas		3600	1,621,873	940,621	
98.001		00449784111052AM09	3600	108,534	0	PT
98.001		102137.001.004.003.004	3600	174,532	0	PT
98.001		102137.001.004.003.004	3600	337,403	18,517	PT
98.001		102137001004003004AM04	3600	406,057	10,653	PT
98.001		1024620010020011244000	3600	1,227,011	0	PT
98.001		5113403 AM02	3600	16,970	0	PT
98.001		DRC-CGBV-PRI-UW	3600	45,533	21,214	PT
98.001		MAPS2-18-084 AM01	3600	213,714	0	PT
98.001		UNR 20-62	3600	152	0	PT
98.001		UW662919	3600	83,541	0	PT
98.001		UW662958	3600	4,048	0	PT
98.001			3650	229,597	0	
98.001		45136419276	3650	8,023	0	PT
98.001		WSU004120	3650	41,380	0	PT
Federal Program 98.001 Total				4,518,368	991,005	
U.S. Agency for International Development Total				4,518,368	991,005	

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Federal Programs Not Clustered

Undetermined Fed Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
99.U01	Unknown Fed Agency Unknown CFDA Number	NSF -Columbia Basin	6990	16,240		0
Federal Program 99.U01 Total				16,240		0
Undetermined Fed Agency Total				16,240		0
Federal Programs Not Clustered Total				10,863,819,663	1,234,084,975	

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Research and Development

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.001	Agricultural Research_Basic and Applied Research		3600	102,668	0	
10.001			3650	2,802,316	9,210	
10.001		WSU003470	3650	183,737	0	PT
Federal Program 10.001 Total				3,088,721	9,210	
Agricultural Research Service Total				3,088,721	9,210	
10.200	Grants for Agricultural Research, Special Research		3600	787,217	353,737	
10.200			3650	371,837	207,547	
10.200		A180916S003	3650	687	0	PT
10.200		A180916S004	3650	17,711	0	PT
10.200		A180916S066	3650	27,357	0	PT
10.200		A180916S074	3650	75,070	0	PT
10.200		A180916S076	3650	18,401	0	PT
10.200		A180916S077	3650	3,353	0	PT
10.200		A180916S082	3650	8,811	0	PT
10.200		A201347A010	3650	1,197	0	PT
10.200		A201347S003	3650	5,407	0	PT
10.200		A201347S005	3650	5,255	0	PT
10.200		A201347S029	3650	1,679	0	PT
10.200		BJKP36SB003	3650	1,122	0	PT
10.200		RC110588WSU	3650	7,252	0	PT
10.200		WSU004075	3650	1,370	0	PT
Federal Program 10.200 Total				1,333,726	561,284	
10.202	Cooperative Forestry Research		3600	673,841	0	
10.202			3650	575,291	0	
Federal Program 10.202 Total				1,249,132	0	
10.203	Payments to Agricultural Experiment Stations Under		3650	3,529,478	0	
Federal Program 10.203 Total				3,529,478	0	
10.207	Animal Health and Disease Research		3650	276,515	0	

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Research and Development

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Federal Program 10.207 Total				276,515	0	
10.215	Sustainable Agriculture Research and Education	130676002240	3650	(11)	0	PT
10.215		15089300001266	3650	(13)	0	PT
10.215		150893169	3650	14,505	0	PT
10.215		20059200001316	3650	(133)	0	PT
10.215		200592380	3650	(7)	0	PT
10.215		200592444	3650	6,463	0	PT
10.215		201207511	3650	9,597	0	PT
10.215		201207548	3650	27,372	0	PT
10.215		201207548	3650	33,401	33,401	PT
10.215		201207564	3650	47,387	0	PT
10.215		201207568	3650	6,031	0	PT
10.215		G13020W7504	3650	11,131	0	PT
10.215		G13220W7504	3650	14,214	0	PT
10.215		G13520W7507	3650	1,266	0	PT
10.215		G16219W7506	3650	15,536	0	PT
10.215		G16920W7507	3650	4,328	0	PT
10.215		G23620W7504	3650	11,811	0	PT
10.215		G26219W7502	3650	12,286	0	PT
Federal Program 10.215 Total				215,164	33,401	
10.219	Biotechnology Risk Assessment Research		3650	32,751	0	
Federal Program 10.219 Total				32,751	0	
10.227	1994 Institutions Research Program	NWIC-SA28759-WWU	3800	6,929	0	PT
Federal Program 10.227 Total				6,929	0	
National Institute of Food and Agriculture Total				6,643,695	594,685	
10.250	Agricultural and Rural Economic Research		3600	(1,931)	0	
10.250			3650	4,897	0	
Federal Program 10.250 Total				2,966	0	
Economic Research Service Total				2,966	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.307	Organic Agriculture Research and Extension Initiat		3650	905,990	376,225	
10.307		14082302	3650	408	0	PT
10.307		202524666	3650	6,662	0	PT
10.307		C0519AA	3650	51,536	0	PT
10.307		G19419W7408	3650	117,823	0	PT
10.307		WSU004151	3650	23,393	0	PT
Federal Program 10.307 Total				1,105,812	376,225	
10.310	Agriculture and Food Research Initiative (AFRI)		3600	1,351,424	634,681	
10.310		20142DRESCHLERNIFAA	3600	239,779	0	PT
10.310			3650	6,890,459	629,805	
10.310		07594515343	3650	23,304	0	PT
10.310		09486017405	3650	38,451	0	PT
10.310		09974217884	3650	1,014	0	PT
10.310		102117659	3650	246,738	0	PT
10.310		20160356617	3650	139,576	0	PT
10.310		2018031801	3650	2,802	0	PT
10.310		29034SUB51754	3650	25,254	0	PT
10.310		30122SUBWSU	3650	8,309	0	PT
10.310		58864Z5057201	3650	85,033	0	PT
10.310		8605PO137170	3650	2,937	0	PT
10.310		A181616S001	3650	75,967	0	PT
10.310		BGK418SB001	3650	13,096	0	PT
10.310		BJKP55SB002	3650	(6)	0	PT
10.310		BJKQ80SB001	3650	560,625	0	PT
10.310		C4996	3650	129,257	0	PT
10.310		GF105031	3650	20,743	0	PT
10.310		H005365302	3650	1,958	0	PT
10.310		RC104967WSU	3650	207,906	0	PT
10.310		UFDSP00011803	3650	73,503	0	PT
10.310		30122 SUB52346	3760	9,852	0	PT
10.310			6990	38,420	0	

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Federal Program 10.310 Total				10,186,401	1,264,486	
National Institute of Food and Agriculture Total				11,292,213	1,640,711	
10.680	Forest Health Protection		3650	7,249	0	
10.680		1101	3650	6,341	0	PT
10.680		87313-11118	3800	2,138	0	PT
10.680			4900	219,450	0	
10.680			4950	182,530	176,940	
Federal Program 10.680 Total				417,708	176,940	
Forest Service Total				417,708	176,940	
Dept of Agriculture Total				21,445,303	2,421,546	

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Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.417	Sea Grant Support		3600	3,940,420	776,955	
11.417		364379 AM01	3600	35,980	0	PT
11.417		MA1310 AM02	3600	23,391	0	PT
11.417		UWSC10408 / BPO30555	3800	22,121	0	PT
11.417		UWSC11837 / BPO47884	3800	6,846	0	PT
11.417		0648-0362	6990	22,821	0	PT
Federal Program 11.417 Total				4,051,579	776,955	
11.420	Coastal Zone Management Estuarine Research Reserve		4610	1,161,434	0	
Federal Program 11.420 Total				1,161,434	0	
11.427	Fisheries Development and Utilization Research and		3600	265,111	0	
Federal Program 11.427 Total				265,111	0	
11.431	Climate and Atmospheric Research		3600	2,669,614	177,509	
11.431		NA291A-B AM05	3600	83,205	0	PT
Federal Program 11.431 Total				2,752,819	177,509	
11.432	National Oceanic and Atmospheric Administration (N		3600	18,867,693	49,101	
11.432		2019-20	3600	1,543	0	PT
11.432		3004716165 PO#1910552	3600	21,750	0	PT
11.432		NA17NMF4270221	3800	7,639	0	PT
Federal Program 11.432 Total				18,898,625	49,101	
11.459	Weather and Air Quality Research		3600	158,288	0	
Federal Program 11.459 Total				158,288	0	
11.467	Meteorological and Hydrologic Modernization Developm		2450	782,506	363,471	
Federal Program 11.467 Total				782,506	363,471	
11.468	Applied Meteorological Research		3600	255,697	0	
Federal Program 11.468 Total				255,697	0	
11.472	Unallied Science Program	1609 AM01	3600	679	0	PT
11.472		1615	3600	31,033	27,465	PT

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Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
11.472	Unallied Science Program	17-75-08 AM03	3600	227,930	0	PT
11.472		1705 AM01	3600	72,434	0	PT
11.472		1722 AM01	3600	54,433	0	PT
11.472		1722-90 AM01	3600	10,629	0	PT
11.472		1724 AM01	3600	8,209	0	PT
11.472		1805 AM01	3600	52,454	0	PT
11.472		1806-03 AM01	3600	17,572	0	PT
11.472		1808	3600	18,227	0	PT
11.472		1809 AM01	3600	159,085	0	PT
11.472		1810	3600	11,041	0	PT
11.472		1813-01	3600	13,611	0	PT
11.472		1819	3600	58,259	0	PT
11.472		1901	3600	16,440	0	PT
11.472		20-04G-1	3600	42,774	0	PT
11.472		A92-02B AM01	3600	222,640	0	PT
11.472		A93-02B AM01	3600	61,580	0	PT
11.472		A93-02C	3600	37,773	0	PT
11.472		A94-00B AM01	3600	60,064	0	PT
11.472		COOP 18-082 AM03	3600	141,650	0	PT
11.472		CT 180000354	3600	60,028	0	PT
11.472		L36-01A	3600	14,713	0	PT
11.472		1701	3800	37,377	0	PT
11.472		L37-02A / F7437-02	3800	41,304	0	PT
11.472			4770	571,383	0	
11.472		0303.17.058776	4770	181,654	0	PT
11.472		J2391A-C	4770	2,151	0	PT
Federal Program 11.472 Total				2,227,127	27,465	
National Oceanic and Atmospheric Administration (N Total)				30,553,186	1,394,501	
11.609	Measurement and Engineering Research and Standards		3600	705,953	27,437	
11.609		18-S08 AM01	3600	2,589	0	PT
Federal Program 11.609 Total				708,542	27,437	

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Dept of Commerce

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
National Institute of Standards and Technology (Ni Total				708,542	27,437	
11.RD	Commerce - Unknown CFDA Number		3600	134,976	0	
Federal Program 11.RD Total				134,976	0	
Commerce Contract Number Only Provided Total				134,976	0	
Dept of Commerce Total				31,396,704	1,421,938	

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.300	Basic and Applied Scientific Research		3600	18,488,131	2,028,548	
12.300		00009483 AM03	3600	109,126	0	PT
12.300		1140209-405780 AM01	3600	229,696	0	PT
12.300		123179032/ PO#S9002435	3600	87,160	0	PT
12.300		13294800 AM03	3600	63,078	0	PT
12.300		28-M1702181 AM05	3600	45,861	0	PT
12.300		417318URFAOGR510770A	3600	46,238	0	PT
12.300		4500002947N00014181206	3600	167,269	0	PT
12.300		572339	3600	259,554	0	PT
12.300		78559-10699 AM04	3600	376,805	0	PT
12.300		7855910699N00014161261	3600	50,523	0	PT
12.300		A101380 AM01	3600	(1)	0	PT
12.300		A101454/13260300 AM01	3600	312,273	0	PT
12.300		A1014551323480001AM1	3600	92,023	0	PT
12.300		A101462 AM01	3600	128,653	0	PT
12.300		E2045223 AM02	3600	434,499	0	PT
12.300		F1168-03 AM01	3600	104,668	0	PT
12.300			3650	863,479	70,032	
12.300		SUB0000233	3650	160,894	0	PT
12.300		US01	3650	65,674	0	PT
12.300			3800	3,540	0	
12.300			4770	363,441	0	
Federal Program 12.300 Total				22,452,584	2,098,580	
Department of the Navy, Office of the Chief of Nav Total				22,452,584	2,098,580	
12.351	Basic Scientific Research - Combating Weapons of		3600	1,355,169	65,361	
12.351		CNVA000583204139921AM	3600	103,893	0	PT
12.351			3650	1,281,763	109,391	
Federal Program 12.351 Total				2,740,825	174,752	
Office of the Secretary of Defense Total				2,740,825	174,752	
12.420	Military Medical Research and Development		3600	13,261,184	1,086,146	

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.420	Military Medical Research and Development	0000977406 AM01	3600	202,515	0	PT
12.420		0000984530 AM01	3600	74,848	0	PT
12.420		0258-1031-4609 AM02	3600	77,167	0	PT
12.420		0258-1031-4609 AM03	3600	235,173	0	PT
12.420		10566SC AM02	3600	70,982	0	PT
12.420		11281SC	3600	40,060	0	PT
12.420		11281SC AM01	3600	15,893	0	PT
12.420		12-18717-99-01-G1 AM04	3600	297,360	0	PT
12.420		16704-00 AM02	3600	51,366	0	PT
12.420		1719 G WB554 AM01	3600	61,368	0	PT
12.420		2004209935 AM01	3600	21,046	0	PT
12.420		2004338156 AM01	3600	15,763	0	PT
12.420		2016.0003 AM02	3600	13,526	0	PT
12.420		203758UW	3600	50,286	0	PT
12.420		4500002564	3600	91,348	0	PT
12.420		61399-Z8524002 AM A	3600	53,879	0	PT
12.420		69867-13291-UW	3600	122,264	0	PT
12.420		80583-11223	3600	83,993	0	PT
12.420		8455SC	3600	24,373	0	PT
12.420		8455SC AM09	3600	243,606	0	PT
12.420		A037425 MOD03	3600	996	0	PT
12.420		CHAO2022-01 AM02	3600	21,716	0	PT
12.420		CNVA0005666641361418A	3600	1,589	0	PT
12.420		GJ112-GJ1-1-SIBCR	3600	6,959	0	PT
12.420		GJ112-LIUH-1-SIBCR	3600	18,219	0	PT
12.420		GJ112-MIRANG-1-SIBCR	3600	17,711	0	PT
12.420		MD13-HALSNE-3-SIBCR	3600	6,845	0	PT
12.420		MD13-HALSNE-4-SIBCR	3600	53,823	0	PT
12.420		MD13-HB1-3-SIBCR	3600	1,700	0	PT
12.420		MD13-HB1-4-SIBCR	3600	8,672	0	PT
12.420		MD13-MD1-1-SIBCR	3600	45,476	0	PT
12.420		ME14-ME1-1-SIBCR	3600	5,201	0	PT

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12.420	Military Medical Research and Development	MSRC-FY-16-01 MOD01	3600	444,282	46,428	PT
12.420		PK17SHULEO1SIBCRM0D	3600	13,645	0	PT
12.420		PO 2002505331 MOD03	3600	487	0	PT
12.420		PO# 2002478756 MOD03	3600	8,222	0	PT
12.420		R02087 AM01	3600	87,795	0	PT
12.420		RC108014-UW	3600	23,655	0	PT
12.420		RE11-MUKHEG-1-SIBCR	3600	12,722	0	PT
12.420		RE11-SIEA-5-SIBCR MOD3	3600	40,584	0	PT
12.420		RE11CABALD4SIBCR	3600	17,003	0	PT
12.420		RE11CABALD5SIBCR-MO	3600	36,188	0	PT
12.420		RE11PREECJ1SIBCRM0D2	3600	32,302	0	PT
12.420		RE11SHARMA1SIBCRM0	3600	30,870	0	PT
12.420		RM128A-B AM02	3600	43,752	0	PT
12.420		RM164-REINR-1-SIBCR	3600	22,963	0	PT
12.420		ST119SHOFEJ1SIBCR	3600	7,538	0	PT
12.420		SUB00001674	3600	34,525	0	PT
12.420		SUB00002109	3600	184,416	0	PT
12.420		SUBK00003006 AM07	3600	1,221	0	PT
12.420		SUBK00003006 AM09	3600	145,567	0	PT
12.420		US32093	3600	50,219	0	PT
12.420		VUMC37447 MOD05	3600	2,616	0	PT
12.420			3650	1,983,827	14,042	
Federal Program 12.420 Total				18,521,306	1,146,616	
U.S. Army Medical Command Total				18,521,306	1,146,616	
12.431	Basic Scientific Research		3600	2,367,867	564,085	
12.431		0000934254 AM03	3600	9,393	0	PT
12.431		0518 G WA899 AM02	3600	71,504	0	PT
12.431		093111-17349	3600	(92)	0	PT
12.431		201301077-03 AM12	3600	6,395	0	PT
12.431		KK1810 AM04	3600	139,323	0	PT
12.431		S4661 - PO 236230 AM03	3600	164,276	0	PT

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12.431	Basic Scientific Research	S4661 - PO 236230 AM04	3600	131,057	0	PT
12.431			3650	975,336	95,238	
12.431		20150616603	3650	72,283	0	PT
Federal Program 12.431 Total				3,937,342	659,323	
U.S. Army Materiel Command Total				3,937,342	659,323	
12.630	Basic, Applied, and Advanced Research in Science A		3600	488,945	0	
12.630		19-871-046	3600	3,325	0	PT
12.630		ARM-TEC-19-01-F-07	3600	177,132	37,484	PT
12.630		N000141420002	6990	20,053	0	PT
Federal Program 12.630 Total				689,455	37,484	
Office of the Secretary of Defense Total				689,455	37,484	
12.800	Air Force Defense Resch Sciences Program		3600	4,566,746	1,091,606	
12.800		313-0864 MOD02	3600	163,185	0	PT
12.800		60814399-114411 AM10	3600	999	0	PT
12.800		707824-874J AM09	3600	226,143	0	PT
12.800		R01868 AM03	3600	42,961	0	PT
12.800			3650	130,302	0	
12.800		10049788WSU	3650	141,871	0	PT
Federal Program 12.800 Total				5,272,207	1,091,606	
Department of the Air Force, Materiel Command Total				5,272,207	1,091,606	
12.902	Information Security Grant Program		3600	245,548	0	
12.902			6990	446,043	0	
Federal Program 12.902 Total				691,591	0	
National Security Agency Total				691,591	0	
12.910	Research and Technology Development		3600	8,764,570	1,952,361	
12.910		15328351100270027AM04	3600	272,654	0	PT
12.910		28-M1802338 AM03	3600	110,603	0	PT
12.910		67102239 AM05	3600	454,579	0	PT
12.910		SUB0000246 AM02	3600	57,113	0	PT

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12.910	Research and Technology Development	SUB0000301 AM03	3600	267,276	0	PT
12.910			3650	113,081	0	
12.910		1046192	3650	61,567	0	PT
12.910		28M1702710	3650	525	0	PT
Federal Program 12.910 Total				10,101,968	1,952,361	
Advanced Research Projects Agency Total				10,101,968	1,952,361	
12.RD	DOD - Unknown CFDA Number	K13138- HCB4/LBL4	2250	245,851	0	
12.RD		11154SCW81XWH1590001	3600	113,030	0	PT
12.RD		1295-S-TA153 AM03	3600	(8)	0	PT
12.RD		162643-19-26-C1 MOD05	3600	114,441	0	PT
12.RD		1900231SUB000PO413537	3600	25,715	0	PT
12.RD		191-16-C-0004 MOD01	3600	58,154	0	PT
12.RD		1940000022008STARUW	3600	153,474	0	PT
12.RD		2019-0038 MOD01	3600	83,592	0	PT
12.RD		2019-006	3600	34,915	0	PT
12.RD		208126UW AM03	3600	104,881	0	PT
12.RD		401102349 MOD02	3600	221,991	0	PT
12.RD		69333-Z8133201 AM B	3600	41,434	0	PT
12.RD		6G56-UW MOD02	3600	35,974	0	PT
12.RD		6H23- APL-UW	3600	18,058	0	PT
12.RD		82887-Z9434204	3600	385	0	PT
12.RD		9285SUBCONTRACT20160	3600	3,108	0	PT
12.RD		A101393PROJ49180800AM	3600	30,201	0	PT
12.RD		A121653	3600	22,749	0	PT
12.RD		AFTTS-UW-002 AM05	3600	57,483	0	PT
12.RD		APLUW-0674	3600	16,661	0	PT
12.RD		CKM2STOTTLERHENKEU	3600	104,571	0	PT
12.RD		CONTRACT#132791	3600	53,304	0	PT
12.RD		CONTRACT132791MOD04	3600	8,505	0	PT
12.RD		CRD-01-1150	3600	26,987	0	PT
12.RD		FT19-20-193	3600	22,104	0	PT
12.RD		GG12204PO2171664AM02	3600	41,446	0	PT

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.RD	DOD - Unknown CFDA Number	IMPACTT-UW-001	3600	96,568	0	PT
12.RD		MA1316 AM02	3600	(5,000)	0	PT
12.RD		MA1400	3600	44,893	0	PT
12.RD		Multiple	3600	27,864,965	2,244,507	
12.RD		N00014-17-1-2606	3600	17,545	0	PT
12.RD		N006060604 AM03	3600	494,816	0	PT
12.RD		NC68335-17-C-0553	3600	303,164	0	PT
12.RD		NTRAP1802W81XWH18C0	3600	95,074	0	PT
12.RD		P010234707 MOD01	3600	132,361	0	PT
12.RD		PO 4104239852 AM03	3600	39,670	0	PT
12.RD		PO# 4103296825 MOD 04	3600	1,006	0	PT
12.RD		PO# 4104498406 AM02	3600	14,647	0	PT
12.RD		PO# PS200006	3600	21,697	0	PT
12.RD		PO#3503381266E	3600	60,138	0	PT
12.RD		PO-44989 MOD#1	3600	57,626	0	PT
12.RD		PO10219879	3600	56,760	0	PT
12.RD		PO40301399TASKT2C2S1K	3600	31,128	0	PT
12.RD		PO40301399TASKT4C3S1J	3600	514,711	0	PT
12.RD		PO40301399TCT13W8231S	3600	43,994	0	PT
12.RD		PO47109 MOD01	3600	49,846	0	PT
12.RD		PROJECT042959PO170502	3600	2,233	0	PT
12.RD		PROJECT042959PO170502	3600	137,708	33,744	PT
12.RD		PS150026 MOD07	3600	49,381	0	PT
12.RD		R1567501	3600	(28,295)	0	PT
12.RD		RM119A-A AM05	3600	38,187	0	PT
12.RD		ROS002904AM02POROS07	3600	123,916	0	PT
12.RD		S-644-003552-UW MOD04	3600	55,340	0	PT
12.RD		S647	3600	72,009	0	PT
12.RD		SC1712603 AM02	3600	490,368	0	PT
12.RD		SC1712603 AM03	3600	2,710	0	PT
12.RD		SCN09654 MOD0001	3600	147,081	0	PT
12.RD		SCN09662REF00K4861200	3600	45,308	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.RD	DOD - Unknown CFDA Number	STTR N19A-T023	3600	41,255	0	PT
12.RD		SUBCONTRACT # 89236	3600	30,566	0	PT
12.RD		SUBCONTRACT89236AM0	3600	4,967	0	PT
12.RD		TXS0149769 CHG 02	3600	56,122	0	PT
12.RD		UW635527	3600	1,524	0	PT
12.RD		UW636222	3600	388	0	PT
12.RD		UW662852	3600	27,748	0	PT
12.RD		UW663508	3600	61,872	16,000	PT
12.RD		UW664564	3600	91,722	0	PT
12.RD		UW666356	3600	173,390	0	PT
12.RD		1107043WSU	3650	49,650	0	PT
12.RD		1352	3650	31,235	0	PT
12.RD		190305042959	3650	239,385	0	PT
12.RD		19050301	3650	89,116	0	PT
12.RD		19400036135601	3650	1,443,647	0	PT
12.RD		19400036138901	3650	41,006	0	PT
12.RD		20127P	3650	23,082	0	PT
12.RD		3323200201841	3650	37,283	0	PT
12.RD		ARM212WSU	3650	100,676	0	PT
12.RD		EXMATWSU20P0004	3650	29,301	0	PT
12.RD		FY18937001	3650	5,542	0	PT
12.RD		TASKORDERRELEASE003	3650	14,119	0	PT
12.RD		TASKORDERRELEASE004	3650	173,971	0	PT
12.RD		W19DW-20-Q-0042	4770	39,314	0	
12.RD		W911S8-12-H-0001	4770	4,215	0	
12.RD		W911S8-18-2-0017	4770	97,599	0	
12.RD		W911S8-19-2-0011	4770	75,631	0	
12.RD		W911S8-19-2-0013	4770	98,574	0	
12.RD		W9127N-14-2-0012-0014	4770	868,589	0	
12.RD		W9127N-14-2-0012-0015	4770	74,320	0	
12.RD		W9127N-14-2-0012-0016	4770	425,811	0	
12.RD		W9127N-14-2-0012-0017	4770	115,898	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Defense

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
12.RD	DOD - Unknown CFDA Number	W9127N-20-C-0015	4770	26,153		0
Federal Program 12.RD Total				37,304,232	2,294,251	
DOD Contract Number Only Provided Total				37,304,232	2,294,251	
Dept of Defense Total				101,711,510	9,454,973	

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Research and Development

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.560	Secure Water Act - Research Agreements		3600	81,429	0	
Federal Program 15.560 Total				81,429	0	
Bureau of Reclamation Total				81,429	0	
15.664	Fish and Wildlife Coordination and Assistance Prog		3650	109,267	0	
15.664			4770	23,547	0	
Federal Program 15.664 Total				132,814	0	
Fish and Wildlife Service Total				132,814	0	
15.805	Assistance to State Water Resources Research Insti		3650	52,053	18,400	
15.805		105860 G004150	3800	7,931	0	PT
Federal Program 15.805 Total				59,984	18,400	
15.807	Earthquake Hazards Program Assistance		3600	1,844,847	0	
15.807			3750	661,200	0	
15.807			3800	1,582	0	
Federal Program 15.807 Total				2,507,629	0	
15.808	U.S. Geological Survey_ Research and Data Collecti		3600	3,726,770	0	
15.808			3650	75,812	0	
15.808			3700	57,548	0	
15.808			3750	104	0	
15.808			3800	59,843	0	
15.808			4610	50,995	0	
Federal Program 15.808 Total				3,971,072	0	
15.812	Cooperative Research Units Program		3600	639,344	51,849	
15.812		2162-216-2013352	3600	7,941	0	PT
Federal Program 15.812 Total				647,285	51,849	
15.818	Volcano Hazards Prog Res & Monitoring		3600	263,261	0	
Federal Program 15.818 Total				263,261	0	
U.S. Geological Survey Total				7,449,231	70,249	

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Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.945	Cooperative Research & Training Programs- Resources of the		3600	291,677	0	
15.945			3650	171,549	0	
15.945			3750	8,407	0	
15.945			3760	11,728	0	
15.945			3800	98,191	0	
15.945			4900	77,190	0	
Federal Program 15.945 Total				658,742	0	
National Park Service Total				658,742	0	
15.RD	Department of the Interior - Unknown CFDA Number		3600	91,372	6,379	
15.RD		19-05-094 AM02	3600	24,936	0	PT
15.RD		P1880007	3600	5,887	0	PT
15.RD		UW639375	3600	57,157	0	PT
Federal Program 15.RD Total				179,352	6,379	
DOI Contract Number Only Provided Total				179,352	6,379	
Dept of the Interior Total				8,501,568	76,628	

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Research and Development

Dept of Justice

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
16.560	National Institute of Justice Research, Evaluation		2250	430,882	0	
16.560			3600	783,936	126,775	
16.560		10386 AM01	3600	(3)	0	PT
16.560		10790 AM01	3600	142,338	0	PT
16.560		UW664160	3600	206,661	0	PT
16.560			3650	677,513	39,392	
Federal Program 16.560 Total				2,241,327	166,167	
National Institute of Justice Total				2,241,327	166,167	
Dept of Justice Total				2,241,327	166,167	

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Dept of State

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
19.RD	Department of State - Unknown CFDA Number		3600	17,289		0
Federal Program 19.RD Total				17,289		0
State Contract Number Only Provided Total				17,289		0
Dept of State Total				17,289		0

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Research and Development

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.108	Aviation Research Grants		3600	261,378	48,621	
20.108			4050	248,248	0	
Federal Program 20.108 Total				509,626	48,621	
20.109	Air Transportation Centers of Excellence		3600	462,782	79,557	
20.109			3650	595,159	94,575	
Federal Program 20.109 Total				1,057,941	174,132	
Federal Aviation Administration (FAA) Total				1,567,567	222,753	
20.200	Highway Research and Development Program	23506 AM01	3600	22,790	0	PT
20.200			3650	(9,138)	0	
20.200		1033080	3650	4,881	0	PT
20.200		HR1305	3650	10,222	0	PT
20.200			4050	1,067,712	0	
Federal Program 20.200 Total				1,096,467	0	
Federal Highway Administration (FHWA) Total				1,096,467	0	
20.RD	Department of Transportation - Unknown CFDA Number	160140 MOD01	3600	5,571	0	PT
20.RD		160140 TASK ORDER .029	3600	1,542	0	PT
20.RD		160140.019 MOD02	3600	151,736	0	PT
20.RD		743493POUS001000074349	3600	113,378	0	PT
20.RD		AM1	3600	69,984	0	PT
20.RD		PO US001-0000778774	3600	18,609	0	PT
20.RD		POUS0010000778774MOD1	3600	15,166	0	PT
20.RD		RSGPROJECT14205MOD0	3600	(391)	0	PT
20.RD		TOPR 7_15-001-RR07-UW	3600	14,515	0	PT
20.RD		TOPR215001RR02UWMOD	3600	(16)	0	PT
20.RD		UW662130	3600	20,207	0	PT
Federal Program 20.RD Total				410,301	0	
DOT Contract Number Only Provided Total				410,301	0	
Dept of Transportation Total				3,074,335	222,753	

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Research and Development

National Aeronautics & Space Admin

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
43.003	Exploration		3600	136,724	47,189	
Federal Program 43.003 Total				136,724	47,189	
43.009	Safety, Security and Mission Services		3600	68,459	0	
Federal Program 43.009 Total				68,459	0	
National Aeronautic & Space Administration Total				205,183	47,189	
43.RD	National Aeronautics and Space Administration - Un		3600	306,360	92,685	
43.RD		12-0233 MOD08	3600	62,457	0	PT
43.RD		12-0233 MOD09	3600	159,132	0	PT
43.RD		1303809 MOD30	3600	32,210	0	PT
43.RD		1318945 MOD27	3600	223,766	0	PT
43.RD		1475635 PCC02	3600	53,300	0	PT
43.RD		1542830 MOD11	3600	166,018	0	PT
43.RD		1609UWALPH2XPH3MOD	3600	47,641	0	PT
43.RD		1616200	3600	51,357	0	PT
43.RD		1634821	3600	275,394	0	PT
43.RD		1634821	3600	27,260	20,141	PT
43.RD		2003281677 AM03	3600	33,346	0	PT
43.RD		200337076 AM08	3600	70,376	0	PT
43.RD		PY24261-22727-D AM34	3600	5,502	0	PT
43.RD		SC#1526158 MOD07	3600	56,789	0	PT
43.RD		SC-1652-001 MOD02	3600	193,646	0	PT
43.RD		SPACEDOC-2 2017-001	3600	126,247	0	PT
43.RD		UW635285	3600	17,084	0	PT
43.RD		UW637483	3600	39,408	11,756	PT
43.RD		UW660765	3600	37,970	0	PT
43.RD		UW663895	3600	18,976	0	PT
Federal Program 43.RD Total				2,004,239	124,582	
NASA Contract Number Only Provided Total				2,004,239	124,582	
National Aeronautics & Space Admin Total				2,209,422	171,771	

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National Science Foundation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
47.041	Engineering		3600	16,777,840	1,742,255	
47.041		00009375 AM06	3600	153,397	0	PT
47.041		0190 G SA465 AM01	3600	2,460	0	PT
47.041		077966-15619 AM05	3600	8,592	0	PT
47.041		10001604-005 AM01	3600	5,687	0	PT
47.041		105584141 AM01	3600	20,567	0	PT
47.041		1122191-379633 AM02	3600	24,040	0	PT
47.041		124050-5104118 AM04	3600	114,993	0	PT
47.041		1556900 AM01	3600	131,374	0	PT
47.041		2019UWALGBTQ+ MOD01	3600	9,827	0	PT
47.041		479852-19124 MOD01	3600	126,709	0	PT
47.041		479852-19124A	3600	210,781	0	PT
47.041		89019-11283	3600	57,842	0	PT
47.041		A006111201	3600	40,601	0	PT
47.041		A006827801	3600	97,033	0	PT
47.041		A126254 AM01	3600	1,703	0	PT
47.041		A138575UW SBIR-STTR	3600	222,722	0	PT
47.041		A16-0090-S001 AM02	3600	67,985	0	PT
47.041		GR105156CON80001606A	3600	190,834	0	PT
47.041		S1738A-A AM05	3600	53,980	0	PT
47.041		UTA15-000857 AM04	3600	93,186	0	PT
47.041		UW660843	3600	3,004	0	PT
47.041		WU-19-255-MOD-1	3600	131,270	0	PT
47.041			3650	2,350,835	320,847	
47.041		135456001	3650	62,900	0	PT
47.041		2825004301S26	3650	1,606	0	PT
47.041		3003760323	3650	(3,443)	0	PT
47.041		FY2020018	3650	42,965	0	PT
47.041			3800	6,752	0	
Federal Program 47.041 Total				21,008,042	2,063,102	
47.049	Mathematical and Physical Sciences		3600	14,518,111	269,540	
47.049		0009390 AM03	3600	83,228	0	PT

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47.049	Mathematical and Physical Sciences	203405468 AM04	3600	155,569	0	PT
47.049		573250 AM01	3600	10,396	0	PT
47.049		7850410756AM02DMR1629	3600	47,968	0	PT
47.049		A022076 AM01	3600	18,430	0	PT
47.049		A217002	3600	45,577	0	PT
47.049		N51948C AM06	3600	3,616,301	0	PT
47.049		RC104177UW AM06	3600	145,238	0	PT
47.049			3650	2,112,538	13,542	
47.049		CWC050	3650	17,057	0	PT
47.049			3700	66,078	0	
47.049		#OXY-CURM0023	3700	14,825	0	PT
47.049			3750	44,886	0	
47.049		3-8-710-890	3750	21,736	0	PT
47.049		OXY-CURM0002	3750	250	0	PT
47.049			3800	886,872	0	
47.049		2018-74803	3800	7,699	0	PT
Federal Program 47.049 Total				21,812,759	283,082	
47.050	Geosciences		3600	34,664,092	630,679	
47.050		0000000506	3600	3,229	0	PT
47.050		007439/12112018	3600	(2,136)	0	PT
47.050		104919401	3600	(477)	0	PT
47.050		1247	3600	10,083	0	PT
47.050		14386AM05PRNSF1338810	3600	125,157	0	PT
47.050		18-352	3600	228,452	0	PT
47.050		18-352 AM03	3600	90,072	0	PT
47.050		182708UW	3600	47,003	0	PT
47.050		20C(GG009393) AM03	3600	20,383	0	PT
47.050		417238URFAOGR510782A	3600	59,943	0	PT
47.050		5857-UW-NSF-8934 AM03	3600	45,370	0	PT
47.050		80572-10906 MOD02	3600	22,977	0	PT
47.050		A101403	3600	8,304,235	0	PT
47.050		A101403 AMEND 3	3600	972,836	0	PT

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47.050	Geosciences	KK1641 AM04	3600	28,964	0	PT
47.050		S2119A-A AM01	3600	90,243	0	PT
47.050		S431504	3600	137,249	0	PT
47.050		SA 9-09 MOD 69	3600	(110,246)	0	PT
47.050		SU-19-1001-07-UWA TO01	3600	11,354	0	PT
47.050		SU19100107UWATO102	3600	27,936	0	PT
47.050		SUB0000005 AM10	3600	950,076	0	PT
47.050		SUB0000386	3600	6,085	0	PT
47.050		SUBAWD000130 MOD03	3600	81,094	0	PT
47.050		SUBAWD001365	3600	49,783	0	PT
47.050			3650	1,319,858	78,360	
47.050		130754006	3650	4,765	0	PT
47.050		18190166SUB	3650	9,673	0	PT
47.050		IBK289SB001	3650	255,378	0	PT
47.050		SUB0000169	3650	15,992	0	PT
47.050		WSU003361	3650	(3,287)	0	PT
47.050			3750	312,671	0	
47.050		202920-03	3750	4,091	0	PT
47.050		5862-CWU-NSF-8934	3750	75,002	0	PT
47.050		S16-ICER1639709-S2	3750	44,360	0	PT
47.050		S18-EAR1724794-S1	3750	102,837	0	PT
47.050			3800	163,956	0	
47.050			6990	95,439	0	
Federal Program 47.050 Total				48,264,492	709,039	
47.070	Computer and Information Science and Engineering		3600	15,342,733	465,901	
47.070		00009749 AM01	3600	3,497	0	PT
47.070		121847117MPINVOICES90	3600	27,261	0	PT
47.070		1556133 AM03	3600	136,296	0	PT
47.070		201242-480 AM02	3600	2,855	0	PT
47.070		201242-480 AM03	3600	97,259	0	PT
47.070		203405442	3600	24,715	0	PT

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47.070	Computer and Information Science and Engineering	27338-Z4338001 AMD	3600	4,214	0	PT
47.070		27338-Z4338001 AME	3600	51,856	0	PT
47.070		479590-19124	3600	56,134	0	PT
47.070		56086-Z4322002 AM B	3600	45,991	0	PT
47.070		60052332 UWA A01	3600	121,598	0	PT
47.070		800010381-01UG AM01	3600	7,976	0	PT
47.070		91563015 AM03	3600	145,674	0	PT
47.070		A006581303 AM001	3600	203,545	0	PT
47.070		RC107561UW	3600	26,617	0	PT
47.070		S4742 - PO 263721 AM02	3600	111,418	0	PT
47.070		SUB0000281 AM01	3600	228,928	0	PT
47.070			3650	2,372,276	257,046	
47.070		19062062011806	3650	288,120	0	PT
47.070		Z0051A-B	3650	82,300	0	PT
47.070			3760	15,663	0	
47.070			3800	65,527	0	
Federal Program 47.070 Total				19,462,453	722,947	
47.074	Biological Sciences		3600	6,873,065	370,721	
47.074		00001	3600	2,170	0	PT
47.074		00009877 AM02	3600	11,427	0	PT
47.074		17-025 (1616821) AM02	3600	44,277	0	PT
47.074		3004946906	3600	55,939	0	PT
47.074		3357/200201908	3600	73,210	0	PT
47.074		493174 AM01	3600	2,672	0	PT
47.074		61-2075UW AM22	3600	7,201	0	PT
47.074		612075UW AM22	3600	249,996	0	PT
47.074		C00050974-2 AM03	3600	144,367	0	PT
47.074		C00067193-1	3600	41,554	0	PT
47.074		J20161-1557186	3600	(1,514)	0	PT
47.074			3650	4,718,378	899,018	
47.074		"AL3316SB875818	3650	5,804	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
47.074	Biological Sciences	17014S1	3650	129,949	0	PT
47.074		20171	3650	276,015	0	PT
47.074		2017978001	3650	2,538	0	PT
47.074		9500073626	3650	8,172	0	PT
47.074		C000573932	3650	64,878	0	PT
47.074		C000622112	3650	97,924	0	PT
47.074		SF0037	3650	38,597	0	PT
47.074			3700	59,584	0	
47.074		RR167-627/S000812	3750	51,576	0	PT
47.074			3760	179,524	0	
47.074			3800	266,636	0	
47.074		UAF 18-0059/P0521291	3800	184,767	0	PT
Federal Program 47.074 Total				13,588,706	1,269,739	
47.075	Social, Behavioral, and Economic Sciences		3600	2,313,627	43,055	
47.075		1122280-355037 AM03	3600	5,977	0	PT
47.075		28896-04459 SO1 AM02	3600	7,546	0	PT
47.075		30291-05288-S01	3600	14,031	0	PT
47.075		62383-Z4787001	3600	114,054	0	PT
47.075		SUBK00011150	3600	10,850	0	PT
47.075		UTA19-001010	3600	21,682	0	PT
47.075		UW664661	3600	2,373	0	PT
47.075			3650	334,670	4,521	
47.075		SFI20160914	3650	21,874	0	PT
47.075			3800	91,020	0	
Federal Program 47.075 Total				2,937,704	47,576	
47.076	Education and Human Resources		3600	17,422,799	1,429,685	
47.076		007800	3600	20,485	0	PT
47.076		0435600001 MOD02	3600	66,572	0	PT
47.076		095464-17496 AM01	3600	3,841	0	PT
47.076		1554145 MOD03	3600	7,849	0	PT
47.076		1554735 AM02	3600	11,566	0	PT
47.076		1760002-760-UW	3600	18,487	0	PT

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47.076	Education and Human Resources	18-717-UW	3600	6,768	0	PT
47.076		190-1156654-85949	3600	6,588	0	PT
47.076		1906512-1 AM01	3600	3,688	0	PT
47.076		2008Z0B AM01	3600	55,691	0	PT
47.076		21-0-1-488070-01 AM01	3600	27,576	0	PT
47.076		243050-1819	3600	62,035	0	PT
47.076		60053825 WASH	3600	169,829	0	PT
47.076		61462251-126900 AM04	3600	75,277	0	PT
47.076		DRL-1612739 MOD04	3600	52,497	0	PT
47.076		EDC 12423 GN1850447	3600	16,378	0	PT
47.076		KK1938	3600	221,182	0	PT
47.076		RC107451UW AM02	3600	66,511	0	PT
47.076		S1666A-A AM05	3600	6,454	0	PT
47.076		UW630875	3600	22,477	0	PT
47.076		UW661728	3600	21,141	0	PT
47.076			3650	2,365,919	20,978	
47.076		134038001	3650	6,300	0	PT
47.076		13890001	3650	57,242	0	PT
47.076		CCURIYEARII20162017	3650	21,383	0	PT
47.076		CRESCENT-01	3650	276	0	PT
47.076		DUE1700496WSU	3650	13,574	0	PT
47.076		KCTPS715	3650	(10,780)	0	PT
47.076		WSU_ITEST	3650	9,976	0	PT
47.076		WSU003046	3650	(964)	0	PT
47.076		WSU003308	3650	25,606	0	PT
47.076		WSU003988	3650	28,450	0	PT
47.076		WSU004153	3650	2,269	0	PT
47.076			3700	357,230	5,153	
47.076			3750	166,177	0	
47.076			3760	74,928	0	
47.076			3800	965,260	0	
47.076		131202 G004101	3800	1,433	0	PT

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47.076	Education and Human Resources	1557894/PO 1001210788	3800	20,154	0	PT
47.076		1826637 / WWU-18-2	3800	3,000	0	PT
47.076			6990	6,137,083	0	
47.076		1356479-1	6990	10,957	0	PT
47.076		1601587	6990	20,801	0	PT
47.076		1660606	6990	10,360	0	PT
47.076		1700674	6990	31,014	0	PT
47.076		1T3A	6990	70,165	0	PT
47.076		763689	6990	6,209	0	PT
47.076		DU1304405	6990	6,753	0	PT
47.076		G#14858583	6990	3,027	0	PT
Federal Program 47.076 Total				28,769,493	1,455,816	
47.078	Polar Programs		3600	72,654	0	
Federal Program 47.078 Total				72,654	0	
47.079	Office of International Science and Engineering		3600	171,111	0	
47.079		FP065300C54405486012AM	3600	176,548	0	PT
47.079		USB1-31156-XX-13 MOD04	3600	7,042	0	PT
47.079			3650	25,649	0	
47.079		OISE16627650A	3650	(94)	0	PT
47.079		OISE19655020	3650	5,475	0	PT
47.079			3750	41,266	0	
47.079			6990	105,704	0	
Federal Program 47.079 Total				532,701	0	
47.083	Integrative Activities		3600	729,585	0	
47.083			3800	8,018	0	
Federal Program 47.083 Total				737,603	0	
National Science Foundation Total				157,186,607	6,551,301	
47.RD	NSF - Unknown CFDA Number		3600	83,584	0	
47.RD		UW639293	3600	11,515	0	PT
47.RD		UW668028	3600	43,117	0	PT

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National Science Foundation

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47.RD	NSF - Unknown CFDA Number	1123272-390398	3650	47,140	0	PT
47.RD		WSU004040	3650	4,650	0	PT
Federal Program 47.RD Total				190,006	0	
47.U03	NSF - Unknown CFDA Number	1836038	3650	184,675	0	
Federal Program 47.U03 Total				184,675	0	
47.U04	NSF - Unknown CFDA Number	1933585	3650	230,095	0	
Federal Program 47.U04 Total				230,095	0	
47.U05	NSF - Unknown CFDA Number	2030984	3650	37,332	0	
Federal Program 47.U05 Total				37,332	0	
NSF - Contract Number Only Provided Total				642,108	0	
National Science Foundation Total				157,828,715	6,551,301	

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Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.034	Surveys, Studies, Research, Investigations, Demos	01J41301	3760	16,773	0	PT
66.034			4610	732,937	150,322	
Federal Program 66.034 Total				749,710	150,322	
Office of Air and Radiation Total				749,710	150,322	
66.509	Science to Achieve Results (Star) Research Program		3600	1,242,077	407,173	
66.509		1080358-364871 AM04	3600	27,597	0	PT
66.509		1080358-364872 AM01	3600	105,014	0	PT
66.509		1080358-364874 AM05	3600	90,112	0	PT
66.509		1080358-364876 AM05	3600	162,920	0	PT
66.509			3650	118,742	0	
Federal Program 66.509 Total				1,746,462	407,173	
66.514	Science to Achieve Results (Star) Fellowship Progr		3600	4,529	0	
66.514			3650	(405)	0	
Federal Program 66.514 Total				4,124	0	
Office of Research and Development Total				1,750,586	407,173	
66.RD	Environmental Protection Agy-Unknown CFDA Number	C20190479	3600	7,621	0	PT
66.RD		TAA18-003 MOD02	3600	25,482	13,315	PT
Federal Program 66.RD Total				33,103	13,315	
EPA Contract Number Only Provided Total				33,103	13,315	
Environmental Protection Agency Total				2,533,399	570,810	

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Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.049	Office of Science Financial Assistance		3600	19,256,716	2,273,347	
81.049		I(GG014496)	3600	1,143,243	0	PT
81.049		I(GG014496) AM01	3600	57,897	0	PT
81.049		2018-32 AM01	3600	40,228	0	PT
81.049		5108338 AM03	3600	877	0	PT
81.049		A18-0354-S002-A02	3600	69,566	0	PT
81.049		C00055418-1 AM02	3600	57,980	0	PT
81.049		C00063421-1	3600	84,747	0	PT
81.049		CWC-038	3600	6,302	0	PT
81.049		UFDSP00012374	3600	49,147	0	PT
81.049			3650	4,051,522	840,244	
81.049		"G11517W6230	3650	77,180	0	PT
81.049		135871	3650	56,027	0	PT
81.049		23021W	3650	301,237	0	PT
81.049		2512150123011	3650	173,312	0	PT
81.049		740058874P	3650	146,647	0	PT
81.049		BJKQ05SB001	3650	35,181	0	PT
81.049		G11517W6230	3650	3	0	PT
81.049		G12318W5072	3650	6,129	0	PT
81.049		RC105251	3650	94,188	0	PT
81.049		PPPL 11-4-19	6990	1,225	0	PT
Federal Program 81.049 Total				25,709,354	3,113,591	
Headquarters Office Total				25,709,354	3,113,591	
81.086	Conservation Research and Development		3600	1,185,594	0	
81.086		OSE-16-54 AM02	3600	34,569	0	PT
81.086			3650	88,216	0	
81.086		BPA #74488 REL 8,20	3700	151,545	0	PT
Federal Program 81.086 Total				1,459,924	0	
81.087	Renewable Energy Research and Development		3600	2,698,194	477,819	
81.087		G0152A-B AM09	3600	233,467	0	PT
81.087		MA1158 AM04	3600	25,115	0	PT

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81.087	Renewable Energy Research and Development	SCN-1007304	3600	71,758	0	PT
81.087			3650	1,871,319	176,721	
81.087		0190GXA493	3650	17,003	0	PT
81.087		06S170616	3650	56,372	0	PT
81.087		10011557	3650	51,095	0	PT
81.087		10052221WSU	3650	50,710	0	PT
81.087		4010115801	3650	49,932	0	PT
81.087		DOEWS872900	3650	7,268	0	PT
81.087		M1900171	3650	37,237	0	PT
81.087			4900	455,001	377,940	
Federal Program 81.087 Total				5,624,471	1,032,480	
Energy Efficiency and Renewable Energy Total				7,084,395	1,032,480	
81.089	Fossil Energy Research and Development	UTA17-000308 AM03	3600	49,196	0	PT
81.089		UTA17-000308 AM04	3600	1,866	0	PT
81.089			3650	(7)	0	
Federal Program 81.089 Total				51,055	0	
Office of Fossil Energy Total				51,055	0	
81.113	Defense Nuclear Nonproliferation Research	AWD000372G1	3650	144,887	0	PT
Federal Program 81.113 Total				144,887	0	
National Nuclear Security Administration Total				144,887	0	
81.135	Advanced Research Projects Agency - Energy		3600	250,725	0	
81.135		1556660	3600	307,267	0	PT
81.135		A147661DEAR0001010AM	3600	675,724	0	PT
81.135		UFDSP00012001 AM03	3600	87,327	0	PT
81.135			3650	498,441	67,025	
81.135		0000000025	3650	22,278	0	PT
81.135		4012006C	3650	(11,206)	0	PT
81.135		UNIV58355	3650	(23,533)	0	PT
Federal Program 81.135 Total				1,807,023	67,025	

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Electricity Delivery & Energy Reliab 1000 Total				1,807,023	67,025	
81.214	Environmental Monitoring/Cleanup Cultural Rsrc Mgt		2450	719,156	604,542	
81.214			3030	593,542	0	
81.214			4610	3,176,253	0	
Federal Program 81.214 Total				4,488,951	604,542	
Savannah River Operations Office Total				4,488,951	604,542	
81.RD	Department of Energy - Unknown CFDA Number		3600	1,504,765	0	
81.RD		01-2019	3600	7,801	0	PT
81.RD		11-2020	3600	38,546	0	PT
81.RD		168751 MOD01	3600	60,991	0	PT
81.RD		190039 MOD01	3600	76,642	0	PT
81.RD		243766 TO 330280 MOD03	3600	3,768	0	PT
81.RD		243766 TO257527 MOD01	3600	9,939	0	PT
81.RD		252206 AM015	3600	107,105	0	PT
81.RD		339224 AM03	3600	20,418	0	PT
81.RD		339224 AM05	3600	13,678	0	PT
81.RD		344693 AM03	3600	13,101	0	PT
81.RD		344773 AM04	3600	97,310	0	PT
81.RD		364211 AM01	3600	90,158	0	PT
81.RD		368361	3600	16,663	0	PT
81.RD		381902	3600	17,472	0	PT
81.RD		4000146123 MOD14	3600	249,567	0	PT
81.RD		4000158760 MOD03	3600	133,875	0	PT
81.RD		4000175579	3600	59,507	0	PT
81.RD		436061 MOD05	3600	65,049	0	PT
81.RD		472094BAN285272MOD02	3600	(183)	0	PT
81.RD		507420 MOD01	3600	39,650	0	PT
81.RD		520128 MOD02	3600	148,308	0	PT
81.RD		522609 AMO1	3600	23,787	0	PT
81.RD		666484	3600	74,187	0	PT

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81.RD	Department of Energy - Unknown CFDA Number	716001-003 MOD01	3600	(342)	0	PT
81.RD		7374375 MOD11	3600	502,161	0	PT
81.RD		7F-30111 MOD03	3600	111,633	0	PT
81.RD		8F-30037 MOD06	3600	60,312	0	PT
81.RD		8F-30064 M0003	3600	65,215	0	PT
81.RD		9F-60043 M0001	3600	97,785	0	PT
81.RD		9F-60194 MOD03	3600	20,373	0	PT
81.RD		A144534/DE-AR0001098	3600	761,241	0	PT
81.RD		AWD-102934-S1 AM01	3600	48,341	0	PT
81.RD		B621663 MOD05	3600	101,459	0	PT
81.RD		B638049DEAC5207NA2734	3600	68,952	0	PT
81.RD		B639494	3600	33,346	0	PT
81.RD		CR289642 AM12	3600	3,447	0	PT
81.RD		DSI-UW-2018-1 AM01	3600	63,640	0	PT
81.RD		MA #487139 TO#500469	3600	12,432	0	PT
81.RD		MA 243766 TO 462266	3600	67,115	0	PT
81.RD		MA 487139, TO 493071	3600	24,234	0	PT
81.RD		MA# 487139 TO#510568	3600	24,463	0	PT
81.RD		MA#243766 TO#445357	3600	50,796	0	PT
81.RD		MA#243766 TO#463721	3600	3,690	0	PT
81.RD		MA#243766 TO#463722	3600	10,021	0	PT
81.RD		MA#243766 TO#468365	3600	112,399	0	PT
81.RD		MA#243766 TO#473135	3600	8,099	0	PT
81.RD		MA#243766 TO#474096	3600	127,752	0	PT
81.RD		MA#243766 TO#485705	3600	34,621	0	PT
81.RD		MA#487139 TO#513654	3600	20,730	0	PT
81.RD		MA#487139 TO#495960	3600	16,001	0	PT
81.RD		MA#487139 TO#516528	3600	13,243	0	PT
81.RD		MA#487139 TO#516639	3600	16,108	0	PT
81.RD		MA243766 TO450523	3600	185,850	0	PT
81.RD		MA243766TO339065MOD0	3600	246	0	PT
81.RD		MA243766TO348483MOD0	3600	111,972	0	PT

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81.RD	Department of Energy - Unknown CFDA Number	MA243766TO354654MOD0	3600	947	0	PT
81.RD		MA243766TO356518MOD0	3600	37,193	0	PT
81.RD		MA243766TO402123MOD0	3600	33,147	0	PT
81.RD		MA243766TO403450MOD0	3600	8,602	0	PT
81.RD		MA243766TO415934MOD0	3600	68,341	0	PT
81.RD		MA243766TO424177MOD0	3600	176,712	0	PT
81.RD		MA243766TO432000MOD0	3600	13,110	0	PT
81.RD		MA243766TO432652MOD0	3600	81,395	0	PT
81.RD		MA243766TO445357MOD0	3600	25,085	0	PT
81.RD		MA243766TO456355MOD0	3600	51,316	0	PT
81.RD		MA243766TO456356MOD0	3600	63,309	0	PT
81.RD		MA243766TO474098REV1	3600	102,464	0	PT
81.RD		MA487139 TO495959	3600	6,452	0	PT
81.RD		MA487139TO502654MOD1	3600	64,902	0	PT
81.RD		MA487139TO503070MOD0	3600	986	0	PT
81.RD		MTA487139TO517874	3600	5,259	0	PT
81.RD		PO #1935791	3600	251	0	PT
81.RD		PO#652197	3600	62,246	0	PT
81.RD		S017736	3600	19,058	0	PT
81.RD		S017997	3600	911	0	PT
81.RD		SAWD-WD-00850	3600	2,380	0	PT
81.RD		TASKORDER335418MOD0	3600	29,346	0	PT
81.RD		TEAMER.TB.UW	3600	29,878	0	PT
81.RD		TO 495233 (MA 487139)	3600	35,208	0	PT
81.RD		TO321938 MOD06	3600	72,278	0	PT
81.RD		TO386893MASTER243766	3600	185,753	0	PT
81.RD		TO386893MOD03MASTER	3600	120,565	0	PT
81.RD		UW631682	3600	2	0	PT
81.RD		UW800210	3600	38,354	0	PT
81.RD		UW800212	3600	38,354	0	PT
81.RD		UW800214	3600	45,550	0	PT
81.RD		UW800293	3600	39,564	0	PT

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June 30, 2020
(Expressed in whole dollars)*

Research and Development

Dept of Energy

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
81.RD	Department of Energy - Unknown CFDA Number	UW802603	3600	(5,079)	0	PT
81.RD		UW807142	3600	(4,140)	0	PT
81.RD		UW807143	3600	6,911	0	PT
81.RD		UW807144	3600	3,105	0	PT
Federal Program 81.RD Total				7,109,154	0	
DOE Contract Number Only Provided Total				7,109,154	0	
Dept of Energy Total				46,394,819	4,817,638	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
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Research and Development

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.022	Overseas Programs - Doctoral Dissertation Research		3600	180,736	0	
Federal Program 84.022 Total				180,736	0	
84.220	Centers for International Business Education		3600	356,023	0	
84.220		20EVCCX376CCW	6990	3,494	0	PT
Federal Program 84.220 Total				359,517	0	
Office of Postsecondary Education Total				540,253	0	
84.305	Education Research, Development and Dissemination		3600	2,130,191	209,410	
84.305		03664 MOD05	3600	(352)	0	PT
84.305		0440100001 MOD02	3600	178,506	0	PT
84.305		203618UWB AM01	3600	8,777	0	PT
84.305		29338SUB51803 AM04	3600	65,924	0	PT
84.305		A005236402 AM04	3600	59,031	0	PT
84.305		A005945201 AM02	3600	108,231	0	PT
84.305		AWD7772723GR205512AM	3600	80,233	0	PT
84.305		GM10155PO2108312AM04	3600	9,414	0	PT
84.305		PO#046220001 MOD02	3600	90,606	0	PT
84.305		UNIV58665, AM 4	3600	9,999	0	PT
Federal Program 84.305 Total				2,740,560	209,410	
Office of Educational Research and Improvement Total				2,740,560	209,410	
84.324	Research in Special Education		3600	938,414	0	
84.324		0438500001 MOD02	3600	82,787	0	PT
84.324		250911 MOD05	3600	67,340	0	PT
84.324		UNIV59791 AM01	3600	12,779	0	PT
Federal Program 84.324 Total				1,101,320	0	
Office of Special Education and Rehabilitative Ser Total				1,101,320	0	
84.RD	Department of Education - Unknown CFDA Number	50372	3600	86,738	0	PT
84.RD		PO31603	3600	83,495	0	PT
Federal Program 84.RD Total				170,233	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
Education Contract Number Only Provided Total				170,233	0	
Dept of Education Total				4,552,366	209,410	

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.061	Innovations in Applied Public Health Research		3600	80,384	0	
Federal Program 93.061 Total				80,384	0	
93.068	Chronic Diseases: Research, Control, and Preventi	5996.UWA.01 AM03	3600	51,511	0	PT
93.068		G157.UWA.01	3600	79,875	0	PT
Federal Program 93.068 Total				131,386	0	
Centers for Disease Control and Prevention Total				211,770	0	
93.103	Food and Drug Administration_Research		3030	92,306	0	
93.103		5U18FD006280-03	3030	11,725	0	PT
93.103		G-1810-01563	3030	13,021	0	PT
93.103		G-SE-1904-01683	3030	5,607	0	PT
93.103			3600	157,291	62,185	
93.103		417349GURFAOGR510804	3600	12,394	0	PT
93.103		417605GURFAOGR510946	3600	62,231	0	PT
93.103		A127475	3600	(13)	0	PT
93.103		A127475 AM01	3600	9,628	0	PT
93.103		GR108640CON80002180M	3600	13,312	0	PT
93.103		UW635476	3600	71,799	0	PT
93.103		Z8B00010 AM02	3600	4,515	0	PT
93.103			3650	128,598	0	
93.103			4950	2,841,928	500,292	
Federal Program 93.103 Total				3,424,342	562,477	
Food and Drug Administration Total				3,424,342	562,477	
93.113	Environmental Health		3600	7,431,579	1,152,440	
93.113		1(GG013047) AM02	3600	14,039	0	PT
93.113		110056808 AM01	3600	33,312	0	PT
93.113		119081031PO50808901AM0	3600	28,223	0	PT
93.113		2002301818 AM06	3600	3,189	0	PT
93.113		2003249885 AM03	3600	42,110	0	PT
93.113		34-1905-2249-011 AM01	3600	17,318	0	PT

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.113	Environmental Health	4500002762 AM02	3600	143,808	0	PT
93.113		6714-00-S00	3600	10,203	0	PT
93.113		6714-00-S002	3600	70,890	0	PT
93.113		80001140 AM03	3600	58,981	0	PT
93.113		GR104703CON80001507A	3600	41,877	0	PT
93.113		S01464-01	3600	26,767	0	PT
93.113		SUBK00010622 AM01	3600	96,226	0	PT
93.113		WU-16-168 MOD 4	3600	24,197	0	PT
93.113		WU-18-174 MOD-1	3600	323,340	0	PT
93.113		WU-19-91	3600	110,151	0	PT
93.113		WU-20-253	3600	18,219	0	PT
93.113			3650	1,450,097	185,062	
Federal Program 93.113 Total				9,944,526	1,337,502	
93.121	Oral Diseases and Disorders Research		3600	2,290,271	481,926	
93.121		0000965679 AM01	3600	7,040	0	PT
93.121		11411SUB MOD04	3600	16,758	0	PT
93.121		11527SUB MOD02	3600	4,394	0	PT
93.121		11959SUB	3600	1,465	0	PT
93.121		121660	3600	104,005	0	PT
93.121		1350 G VD585 AM02	3600	70,723	0	PT
93.121		1350 G XC522	3600	43,883	0	PT
93.121		9648SC AM03	3600	109,108	0	PT
93.121		9648SC AM04	3600	(10,156)	0	PT
93.121		UW633543	3600	107,209	0	PT
93.121		UWASH023810-2630 AM03	3600	(20,426)	0	PT
93.121		UWASH023810-2665 AM02	3600	285,693	0	PT
93.121		UWASH026186-2635 AM03	3600	89,135	0	PT
93.121		WASH020102-2640 AM02	3600	68,618	0	PT
93.121			3650	87,614	0	
Federal Program 93.121 Total				3,255,334	481,926	
National Institutes of Health Total				13,199,860	1,819,428	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.135	Centers for Research and Demonstration for Health		3600	1,863,472	218,055	
93.135		S00635-01	3600	6,452	0	PT
Federal Program 93.135 Total				1,869,924	218,055	
93.136	Injury Prevention and Control Research and State A		3030	5,389,289	1,054,594	
93.136			3600	1,916,028	694,095	
93.136		FP00001573_SA001 AM03	3600	3,956	0	PT
93.136		DM4127SB818177	3650	49,964	0	PT
Federal Program 93.136 Total				7,359,237	1,748,689	
Centers for Disease Control and Prevention Total				9,229,161	1,966,744	
93.142	NIEHS Hazardous Waste Worker Health and Safety Tra	2105 G TA258 AM05	3600	31,475	0	PT
93.142		2105 G TA258 AM06	3600	302,496	0	PT
Federal Program 93.142 Total				333,971	0	
93.143	NIEHS Superfund Hazardous Substances_Basic Research		3600	2,262,219	0	
Federal Program 93.143 Total				2,262,219	0	
National Institutes of Health Total				2,596,190	0	
93.155	Rural Health Research Centers		3600	676,788	0	
93.155			3650	92,691	0	
Federal Program 93.155 Total				769,479	0	
Health Resources and Services Administration Total				769,479	0	
93.172	Human Genome Research		3600	16,377,828	2,054,770	
93.172		0255-C621-4609	3600	127,345	0	PT
93.172		1(GG014890-01) AM01	3600	36,927	0	PT
93.172		147NH1C46551R43HG0102	3600	11,264	0	PT
93.172		160NH1C-4652	3600	51,776	0	PT
93.172		160NH2C-4909	3600	60,243	0	PT
93.172		2018-022 AM01	3600	(124)	0	PT
93.172		2019-073 AM01	3600	17,147	0	PT

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.172	Human Genome Research	2019-214 AM03	3600	112,782	0	PT
93.172		210208-0817 AM09	3600	8,687	0	PT
93.172		210314-0430-03	3600	288,136	0	PT
93.172		210314-0521-03 AM01	3600	258	0	PT
93.172		62305015-135394	3600	141,541	0	PT
93.172		9936SC AM04	3600	25,369	0	PT
93.172		9936SC AM05	3600	486,584	0	PT
93.172		9936SC AM06	3600	535,908	0	PT
93.172		A20-0450-S005 P0727662	3600	248,998	0	PT
93.172		BD521791B AM04	3600	85,600	0	PT
93.172		BD521791C AM05	3600	77,998	0	PT
93.172		OOS030229-UW 84069	3600	3,863	0	PT
93.172		OOS030229-UW AM07	3600	34,599	0	PT
93.172		OOS030229-UW-84068	3600	(566)	0	PT
93.172		OOS030229UW84053AM05	3600	137,285	0	PT
93.172		OOS030229UW84053AM06	3600	735,885	0	PT
93.172		OSP2017191 AM 5	3600	75,190	0	PT
93.172		OSP2017191 AM06	3600	62,817	0	PT
93.172		RNG002727BUDG04UW00	3600	304,625	0	PT
93.172		RNG209827BUDG01UW01	3600	48,402	0	PT
93.172		UM1-UWASH-4 AM 6	3600	128,219	0	PT
93.172		UM1-UWASH-4S2R AM07	3600	99,009	0	PT
93.172		UW660934	3600	93,325	0	PT
93.172		VUMC57005 AM5	3600	224,856	0	PT
93.172		VUMC63906 AM02	3600	259,540	0	PT
93.172		WU-19-89-MOD-1	3600	59,298	0	PT
93.172		WU19115MOD1PO2934479	3600	406,432	0	PT
Federal Program 93.172 Total				21,367,046	2,054,770	
93.173	Research Related to Deafness and Communication DIS		3600	3,944,758	440,869	
93.173		0000986725	3600	56,237	0	PT
93.173		0001023872	3600	52,682	0	PT

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.173	Research Related to Deafness and Communication DIS	0601146322 AM01	3600	250,415	81,432	PT
93.173		0601146323 AM02	3600	7,388	0	PT
93.173		1005685_UWA AM04	3600	7,087	0	PT
93.173		260885-UW AM 1	3600	85,256	0	PT
93.173		260885-UW AM02	3600	42,497	0	PT
93.173		417738G/URFAO:GR511053	3600	2,145	0	PT
93.173		FY19966001PO1001128171	3600	6,181	0	PT
93.173		R02101 AM01	3600	69,072	0	PT
93.173		SP0034193PROJ0009132A	3600	59,916	0	PT
93.173		UNIV58647 AM05	3600	116,619	0	PT
93.173		WU-18-45-MOD-5 AM05	3600	175,336	0	PT
93.173			3650	62,542	3,914	
Federal Program 93.173 Total				4,938,131	526,215	
93.213	Research and Training in Complementary and Alterna		3600	3,761,042	1,480,343	
93.213		12051SUB MOD#1	3600	14,157	0	PT
93.213		A03-2242 AM01	3600	15,126	0	PT
93.213		A03-2547	3600	16,925	0	PT
93.213		A03-2882	3600	1,663	0	PT
93.213		A030393	3600	31,485	0	PT
93.213		A032364	3600	123,382	0	PT
93.213		A039025	3600	6,310	0	PT
93.213		RNG210253-BUDG01-UW-	3600	14,094	0	PT
93.213			3650	1,987,536	1,268,784	
93.213		62266166139496	3650	41,422	0	PT
Federal Program 93.213 Total				6,013,142	2,749,127	
National Institutes of Health Total				32,318,319	5,330,112	
93.225	National Research Service Awards_Health Services R		3600	414,577	0	
Federal Program 93.225 Total				414,577	0	

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.226	Research on Healthcare Costs, Quality and Outcomes		3600	2,431,184	176,527	
93.226		5106820 AM03	3600	24,108	0	PT
93.226		RNG209815BUDG01UW00	3600	33,912	0	PT
93.226		RNG210018-BUDG02-UW-	3600	54,949	0	PT
93.226		RNG210159-BUDG02-UW-	3600	3,138	0	PT
93.226			3650	354,808	0	
Federal Program 93.226 Total				2,902,099	176,527	
Agency for Health Care Policy and Research Total				3,316,676	176,527	
93.233	National Center on Sleep Disorders Research	PO41897	3600	125,268	0	PT
93.233			3650	324,152	0	
93.233		15002499	3650	11,961	0	PT
93.233		565843	3650	(1)	0	PT
93.233		A190461S002	3650	54,063	0	PT
Federal Program 93.233 Total				515,443	0	
National Institutes of Health Total				515,443	0	
93.239	Policy Research and Evaluation Grants	708K094 AM 3	3600	24,556	0	PT
93.239		708K094 AM02	3600	15,710	0	PT
93.239		878K290 MOD01	3600	13,828	0	PT
Federal Program 93.239 Total				54,094	0	
Office of the Secretary Total				54,094	0	
93.242	Mental Health Research Grants		3600	26,128,465	4,284,613	
93.242		12185SUB	3600	32,057	0	PT
93.242		122074 AM01	3600	21,787	0	PT
93.242		123215-UW01	3600	26,421	0	PT
93.242		136031-5114480 AM01	3600	47,481	0	PT
93.242		153402.5111011.0002	3600	44,022	0	PT
93.242		1580 G VA719 AM02	3600	28,258	0	PT
93.242		20-3894 PO#2000048236	3600	31,646	0	PT
93.242		2000 G WE286 AM01	3600	73,329	0	PT

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.242	Mental Health Research Grants	2015-3228 AM04	3600	9,495	0	PT
93.242		2019-3804	3600	37,570	0	PT
93.242		203-7475 AM01	3600	1	0	PT
93.242		223004 B.01 AM04	3600	25,128	0	PT
93.242		227381AM051R01MH10930	3600	93,641	0	PT
93.242		401664	3600	34,102	0	PT
93.242		5111740 AM01	3600	20,140	0	PT
93.242		5113535 AM01	3600	18,830	0	PT
93.242		5115684	3600	7,862	0	PT
93.242		568643 AM04	3600	20,125	0	PT
93.242		576359 AM01	3600	130,878	0	PT
93.242		626514UOW01	3600	50,183	0	PT
93.242		67277131 AM004	3600	91,759	0	PT
93.242		97774168 AM02	3600	26,350	0	PT
93.242		A006759602 AM01	3600	43,589	0	PT
93.242		A03-2074 AM02	3600	177,575	0	PT
93.242		A03-2186 AM03	3600	74,814	0	PT
93.242		A130027S00220112176203	3600	5,818	0	PT
93.242		A19-3250-S001	3600	10,856	0	PT
93.242		AM03	3600	27,133	0	PT
93.242		AMENDMENT 2	3600	5,214	0	PT
93.242		CE21-UW-1	3600	34,019	0	PT
93.242		FY20.1021.002	3600	29,843	0	PT
93.242		GB10691PO2133382AM02	3600	51,669	0	PT
93.242		GC10037-00-02 AM01	3600	73,580	0	PT
93.242		GR102866CON80001336A	3600	105,280	0	PT
93.242		HM41SC-DS11SIBCR	3600	2,269	0	PT
93.242		HM41SC-DS12SIBCR	3600	9,971	0	PT
93.242		M101S13F023R01MH11549	3600	25,178	0	PT
93.242		NIH-3P-UW-04 MOD06	3600	40,590	2,044	PT
93.242		PRIME: 1R01MH114648-03	3600	16,998	0	PT
93.242		RNG210241BUDG01UW01	3600	27,629	0	PT

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Dept of Health & Human Services

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93.242	Mental Health Research Grants	RNG210279BUDG01UW20	3600	5,404	0	PT
93.242		S006256	3600	15,993	0	PT
93.242		T740482 AM02	3600	8,675	0	PT
93.242		UFDSP00011760 AM03	3600	18,992	0	PT
93.242		UFDSP00011984 AM01	3600	727	0	PT
93.242		UKZN U19 2017 1 AM03	3600	94,331	0	PT
93.242		UKZN U19 2017 1 AM04	3600	675	0	PT
93.242		UW635749	3600	73,876	0	PT
93.242		UW664822	3600	3,991	0	PT
93.242		WAS260070PO66976584	3600	63,274	0	PT
93.242		WU-18-449 MOD03	3600	83,502	0	PT
93.242		WU-19-307-MOD-1	3600	28,430	0	PT
93.242		WU-19-408 AM01	3600	146,672	0	PT
93.242		WU-19-409 MOD01	3600	29,352	0	PT
93.242			3650	1,078,907	356,626	
93.242		FY18001018	3650	213,653	0	PT
Federal Program 93.242 Total				29,628,009	4,643,283	
National Institutes of Health Total				29,628,009	4,643,283	
93.262	Occupational Safety and Health Program		2350	689,081	0	
93.262			3600	4,261,918	296,027	
93.262		1008844_UWA AM03	3600	4,802	0	PT
93.262		3001-1110 AM01	3600	75,653	0	PT
93.262		606860-00 AM1	3600	4,733	0	PT
93.262		UW632734	3600	16,600	3,089	PT
93.262			3650	30,359	0	
93.262		1004688401	3650	5,581	0	PT
93.262		M1803758	3650	71,825	0	PT
93.262		3001-612-01	3700	60,046	28,124	PT
Federal Program 93.262 Total				5,220,598	327,240	
Centers for Disease Control and Prevention Total				5,220,598	327,240	
93.273	Alcohol Research Programs		3600	6,351,984	985,534	

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Dept of Health & Human Services

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93.273	Alcohol Research Programs	000512064-001 AM-A03	3600	72,486	0	PT
93.273		000512064-001 AM-A04	3600	28,091	0	PT
93.273		028400-874J AM001	3600	19,933	0	PT
93.273		5-54169	3600	1,376	0	PT
93.273		69951-10233 AM05	3600	2,112	0	PT
93.273		7017137290 AM02	3600	19,030	0	PT
93.273		7584	3600	29,056	0	PT
93.273		806K374 AM02	3600	14,362	0	PT
93.273		9132-8389 AM04	3600	25,661	0	PT
93.273		A007398902 AM1	3600	26,240	0	PT
93.273		A224676	3600	111,473	0	PT
93.273		A337174 AM04	3600	10,238	0	PT
93.273		ASUB00000065 AM01	3600	28,830	0	PT
93.273		BMC ID 6205 AM01	3600	11,138	0	PT
93.273		RF00123-2018-0189 AM 1	3600	11,965	0	PT
93.273		RF00123-2018-0189 AM04	3600	72,253	0	PT
93.273		RF00143-2018-0407 AM01	3600	43,793	0	PT
93.273		SA0000640	3600	1,902	0	PT
93.273		SA0000640 AM02	3600	90,632	0	PT
93.273		T969838AM25U01AA02610	3600	1,433	0	PT
93.273			3650	2,830,951	716,134	
93.273		10532SC	3650	14,196	0	PT
93.273		132687002	3650	48,933	0	PT
Federal Program 93.273 Total				9,868,068	1,701,668	
93.279	Drug Abuse and Addiction Research Programs	7R01DA037222	1070	88,154	0	PT
93.279			3600	18,781,864	2,669,370	
93.279		00001143 AM02	3600	9,248	0	PT
93.279		00001314 AM01	3600	11,280	0	PT
93.279		0000988409 AM03	3600	50,934	0	PT
93.279		000517103-003 AMA01	3600	104,202	0	PT
93.279		10045277-01 AM01	3600	30,476	0	PT

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.279	Drug Abuse and Addiction Research Programs	12195SUB MOD01	3600	55,680	0	PT
93.279		1312021663465463LMOD01	3600	15,178	0	PT
93.279		17880	3600	793	0	PT
93.279		20R02581	3600	14,238	0	PT
93.279		401655	3600	37,627	0	PT
93.279		4457 AM06	3600	69,037	0	PT
93.279		61875882AM065P01DA035	3600	13,839	0	PT
93.279		97015-B AM04	3600	9,470	0	PT
93.279		AM02PRIME1R44DA04405	3600	161,265	0	PT
93.279		BMC ID 7331 AM01	3600	58,606	21,040	PT
93.279		D007614702 AM01	3600	31,569	0	PT
93.279		ERS# 21987-44197 AM01	3600	22,571	0	PT
93.279		GR109739CON80002401	3600	7,575	0	PT
93.279		P006920802	3600	29,843	0	PT
93.279		PRIMER01DA04212402AM	3600	25,338	0	PT
93.279		RNG210129-BUDG01-UW	3600	32,872	0	PT
93.279		RNG210129-UW AM01	3600	10,030	0	PT
93.279		SPC-000803	3600	80,695	0	PT
93.279		SPC-000803 AM02	3600	64,215	0	PT
93.279		T855321AM021R01DA0456	3600	36,393	0	PT
93.279		UW633726	3600	15,760	0	PT
93.279			3650	1,815,188	762,499	
93.279		011130003	3650	25,507	0	PT
93.279		11725SC	3650	1,620	0	PT
93.279		1705601	3650	16,019	0	PT
93.279		2019BAS05	3650	8,408	0	PT
93.279		5034602	3650	22,697	0	PT
93.279			3800	85,142	0	
Federal Program 93.279 Total				21,843,333	3,452,909	
National Institutes of Health Total				31,711,401	5,154,577	

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93.283	Centers for Disease Control and Prevention_Investi		3030	180,364	0	
Federal Program 93.283 Total				180,364	0	
Centers for Disease Control and Prevention Total				180,364	0	
93.286	Discovery and Applied Research for Technological I		3600	8,581,203	1,837,172	
93.286		60053814 UW	3600	46,667	0	PT
93.286		BL4648731UW AM03	3600	27,624	0	PT
93.286		UTA17-000891 AM02	3600	1,140	0	PT
93.286			3650	233,223	0	
93.286		1254SUB	3650	15,497	0	PT
93.286		1254SUB	3650	63,829	50,579	PT
93.286		134822002	3650	51,900	0	PT
93.286		135610002	3650	36,474	0	PT
93.286		1R01EB027895-01	3760	38,463	0	PT
Federal Program 93.286 Total				9,096,020	1,887,751	
93.307	Minority Health and Health Disparities Research		3600	2,409,856	389,115	
93.307		1(GG011834-06) AM08	3600	195,403	0	PT
93.307		1(GG011834-07) AM09	3600	31,590	0	PT
93.307		1(GG012238-02) AM01	3600	21,603	0	PT
93.307		1920 G XA148	3600	57,552	0	PT
93.307		5109073 MOD03	3600	252,651	0	PT
93.307		5109076 AM02	3600	120,199	0	PT
93.307		577433 AM01	3600	60,848	0	PT
93.307		OSP2017201 AM03	3600	56,018	0	PT
93.307		RNG210374-UW-01	3600	14,959	0	PT
93.307		UTA19-001247	3600	5,900	0	PT
93.307			3650	2,045,600	1,106,298	
Federal Program 93.307 Total				5,272,179	1,495,413	
93.310	Trans-NIH Research Support		3600	11,281,857	4,123,729	
93.310		311197	3600	5,118	0	PT

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.310	Trans-NIH Research Support	311572 AM01	3600	14,741	0	PT
93.310		56102265500000695AM12	3600	178,115	0	PT
93.310		6366-SO1 MOD04	3600	27,528	0	PT
93.310		800175 AM03	3600	36,050	0	PT
93.310		900037 AM05	3600	130,527	0	PT
93.310		S408790	3600	2,210	0	PT
93.310		S408790 AM01	3600	779,749	0	PT
93.310		UW637163	3600	(17,926)	0	PT
93.310		VUMC75277	3600	29,701	0	PT
93.310			3650	221,104	0	
Federal Program 93.310 Total				12,688,774	4,123,729	
93.350	National Center for Advancing Translational Science		3600	15,496,463	2,733,841	
93.350		1011902_UWA AM01	3600	(2,315)	0	PT
93.350		1011902_UWA AM03	3600	508,865	0	PT
93.350		12105SUB	3600	5,261	0	PT
93.350		12147SUB	3600	23,064	0	PT
93.350		15318551130260211AM01	3600	21,965	0	PT
93.350		16A00000700001AM01	3600	(5,249)	0	PT
93.350		16A00000700001AM02	3600	14,421	0	PT
93.350		AWD0000024313262717	3600	31,500	0	PT
93.350		AWD0000024313444517	3600	2,452	0	PT
Federal Program 93.350 Total				16,096,427	2,733,841	
93.351	Research Infrastructure Programs		3600	22,391,023	148,536	
93.351		1008419_UWA AM03	3600	35,179	0	PT
93.351		SPC-000853 MOD01	3600	185,935	0	PT
Federal Program 93.351 Total				22,612,137	148,536	
93.353	21ST Century Cures Act-Beau Biden Cancer Moonshot		3600	756,013	219,069	
93.353		0000976536	3600	3,500	0	PT
93.353		0001003179	3600	9,095	0	PT
93.353		BD522497C AM04	3600	73,253	0	PT

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93.353	21ST Century Cures Act-Beau Biden Cancer Moonshot	PO# BD522497B AM03	3600	13,278	0	PT
Federal Program 93.353 Total				855,139	219,069	
93.361	Nursing Research		3600	3,774,115	257,733	
93.361		11964SUB MOD01	3600	29,422	0	PT
93.361		2016-158	3600	(721)	0	PT
93.361		2018-3654 AM01	3600	9,494	0	PT
93.361		3RZ32 AM 4	3600	43,257	0	PT
93.361		5106244 AM05	3600	116,847	0	PT
93.361		5112454 AM01	3600	16,981	0	PT
93.361		7000000671 AM02	3600	262,321	0	PT
93.361		FY1910500425A6980AMD1	3600	19,605	0	PT
93.361		RES513808 AM02	3600	88,843	0	PT
93.361			3650	421,765	0	
93.361		5106247	3650	11,599	0	PT
Federal Program 93.361 Total				4,793,528	257,733	
93.368	21ST Century Cures Act-Precision Medicine Initiati		3600	1,556,538	0	
Federal Program 93.368 Total				1,556,538	0	
93.393	Cancer Cause and Prevention Research		3600	6,355,687	1,182,678	
93.393		0000915889 MOD01	3600	2,419	0	PT
93.393		0000954435	3600	8,069	0	PT
93.393		0000956388 AM01	3600	9,901	0	PT
93.393		0000967418 AM01	3600	32,206	0	PT
93.393		0000969098	3600	2,467	0	PT
93.393		0000975148	3600	48,807	0	PT
93.393		0000975149	3600	225,691	0	PT
93.393		0000975442	3600	23,392	0	PT
93.393		0000976610	3600	12,411	0	PT
93.393		0000977455 AM01	3600	22,944	0	PT
93.393		0000978723	3600	7,639	0	PT
93.393		0000980371 AM01	3600	29,722	0	PT

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93.393	Cancer Cause and Prevention Research	0000980373 AM01	3600	25,807	0	PT
93.393		0000980374 AM01	3600	23,745	0	PT
93.393		0000980423 AM01	3600	14,241	0	PT
93.393		0000980424 AM01	3600	16,284	0	PT
93.393		0001000625	3600	15,884	0	PT
93.393		0001000626	3600	8,287	0	PT
93.393		0001004578 AM01	3600	69,925	0	PT
93.393		0001004667	3600	14,363	0	PT
93.393		0001020618	3600	6,334	0	PT
93.393		0001023364 AM01	3600	55,442	0	PT
93.393		0001024338	3600	6,951	0	PT
93.393		0001024339	3600	8,347	0	PT
93.393		0001024340	3600	6,253	0	PT
93.393		0001024473	3600	3,675	0	PT
93.393		0001025538	3600	6,971	0	PT
93.393		0001026466	3600	2,665	0	PT
93.393		10043057-02 AM03	3600	24,696	0	PT
93.393		101730-114410 AM01	3600	3,162	0	PT
93.393		11042SUB MOD05	3600	65,249	0	PT
93.393		116071-5089696 AM08	3600	41,590	0	PT
93.393		116071-5089696 AM10	3600	205,417	0	PT
93.393		1557 G VC172 AM02	3600	330,924	0	PT
93.393		1557 G WA025 AM01	3600	129,919	0	PT
93.393		16-837 AM05	3600	18,470	0	PT
93.393		17-093 AM04	3600	33,721	0	PT
93.393		201603696-13 AM 2	3600	109,757	0	PT
93.393		201603696-13 AM03	3600	10,021	0	PT
93.393		201603696-13, AM1	3600	1	0	PT
93.393		3210720420 AM05	3600	100,733	0	PT
93.393		44956 AM03	3600	16,336	0	PT
93.393		6(GG012814-02) AM01	3600	4,491	0	PT
93.393		6(GG012814-02) AM03	3600	53,506	0	PT

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93.393	Cancer Cause and Prevention Research	A20-0145-S001 P0726832	3600	7,927	0	PT
93.393		AH000632 AM03	3600	88,172	0	PT
93.393		AWD00000046SUB0000001	3600	5,133	0	PT
93.393		CK11-WE3-1-SIBCR	3600	2,909	0	PT
93.393		GJ116-GJ1-1-SIBCR	3600	4,567	0	PT
93.393		GJ116-MIRANG-1-SIBCR	3600	13,775	0	PT
93.393		RNG210178-BUDG01-UW-	3600	100,277	0	PT
93.393		UWCA237153	3600	48,714	0	PT
93.393			3650	527,459	50,958	
Federal Program 93.393 Total				9,013,455	1,233,636	
93.394	Cancer Detection and Diagnosis Research		3600	4,820,160	822,366	
93.394		0000905469 AM01	3600	61,491	0	PT
93.394		0000940026 AM01	3600	8,146	0	PT
93.394		0000981191	3600	14,854	0	PT
93.394		0000986195	3600	135,018	0	PT
93.394		0000988948	3600	80,324	0	PT
93.394		0000989797	3600	159,211	0	PT
93.394		0000993399	3600	41,622	0	PT
93.394		0000994309	3600	6,584	0	PT
93.394		0001002312	3600	22,135	0	PT
93.394		0001002346	3600	50,523	0	PT
93.394		0001006789	3600	212,429	0	PT
93.394		0001006855	3600	22,413	0	PT
93.394		0001011467	3600	120,823	0	PT
93.394		0001022829	3600	5,705	0	PT
93.394		10048SC AM03	3600	42,113	0	PT
93.394		11124SC	3600	36,143	0	PT
93.394		11124SC AM01	3600	41,608	0	PT
93.394		1557 G VB811 AM02	3600	163,574	0	PT
93.394		164145/163478 AM03	3600	134	0	PT
93.394		1671 AM05	3600	38,756	0	PT
93.394		1671 AM06	3600	2,519	0	PT

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93.394	Cancer Detection and Diagnosis Research	183677-03 AM04	3600	8,364	0	PT
93.394		569007 AM03	3600	13,260	0	PT
93.394		5710004063 AM04	3600	257,400	0	PT
93.394		9770SC AM03	3600	58,613	0	PT
93.394		A275038 AM04	3600	22,103	0	PT
93.394		K001416-00-S01 MOD3	3600	(4,826)	0	PT
93.394		M1903703	3600	26,480	0	PT
93.394		ME11-ME1-2-SIBCR	3600	11,234	0	PT
93.394		PO 7000000939	3600	33,570	0	PT
93.394		TSUW-02	3600	14,382	0	PT
93.394		UW637711	3600	181,035	0	PT
93.394		UW661993	3600	68,616	0	PT
93.394		UW663483	3600	36,486	0	PT
Federal Program 93.394 Total				6,813,002	822,366	
93.395	Cancer Treatment Research		3600	3,476,564	1,212,989	
93.395		0000933273 AM01	3600	(41,042)	0	PT
93.395		0000944765 AM01	3600	(5,963)	0	PT
93.395		0000954064	3600	1,047	0	PT
93.395		0000960491 AM01	3600	21,625	0	PT
93.395		0000972022	3600	27,669	0	PT
93.395		0000973594 AM01	3600	57,199	0	PT
93.395		0000974636	3600	13,072	0	PT
93.395		0000978583	3600	5,769	0	PT
93.395		0000979045 AM01	3600	20,290	0	PT
93.395		0000983567 AM01	3600	76,987	0	PT
93.395		0000984625	3600	114,976	0	PT
93.395		0000988950	3600	22,442	0	PT
93.395		0000998310	3600	13,194	0	PT
93.395		0001015476	3600	110,072	0	PT
93.395		0001016826	3600	9,687	0	PT
93.395		0001017686	3600	3,403	0	PT
93.395		0001020248	3600	18,973	0	PT

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93.395	Cancer Treatment Research	0001021039	3600	9,109	0	PT
93.395		0001028258	3600	1,687	0	PT
93.395		0307704S01	3600	85,305	0	PT
93.395		0307705S01	3600	30,397	0	PT
93.395		1013080-002_UWA	3600	89,990	0	PT
93.395		1013080_UWA	3600	66,180	0	PT
93.395		1013080_UWA AM01	3600	35,938	0	PT
93.395		11512SUB MOD03	3600	1,959	0	PT
93.395		11512SUB MOD04	3600	36,109	0	PT
93.395		11539SUB MOD03	3600	192,225	0	PT
93.395		11539SUB MOD04	3600	356,373	0	PT
93.395		11540SUB MOD04	3600	1,829	0	PT
93.395		11572SUB AM05	3600	26,817	0	PT
93.395		1568 G XA118 AM01	3600	10,798	0	PT
93.395		229411 AM04	3600	(4,992)	0	PT
93.395		2M18022-1-UW MOD02	3600	97,844	0	PT
93.395		600532003607669302AM02	3600	715	0	PT
93.395		AWD102398G1AM02PO500	3600	31,067	0	PT
93.395		BW217BW21SIBCR	3600	797	0	PT
93.395		BW217BW22SIBCR	3600	797	0	PT
93.395		GJ13GJ13SIBCR MOD01	3600	12,985	0	PT
93.395		GJ15-GJ1-4-SIBCR	3600	7,612	0	PT
93.395		GY012-SWISHER-GY6	3600	6,971	0	PT
93.395		R01 CA 189163 AM11	3600	(76)	0	PT
93.395		U10CA180820-06-WASH1C	3600	17,342	0	PT
93.395		U10CA180820-06-WASH2C	3600	10,000	0	PT
93.395		U10CA18082006WASH1CA	3600	6,014	0	PT
93.395		U10CA18082006WASH2CA	3600	5,132	0	PT
93.395		UNI-198769-07 AM07	3600	51,823	0	PT
93.395		UW BUD# 1634898	3600	14,505	0	PT
93.395		UW634898	3600	10,265	0	PT
93.395		UW660717	3600	12,820	0	PT

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93.395	Cancer Treatment Research	UW662579	3600	73,042	0	PT
93.395		UW663074	3600	16,334	0	PT
93.395		UW663076	3600	670	0	PT
93.395		UW663179	3600	1,117	0	PT
93.395		UW663618	3600	675	0	PT
93.395		UW663621	3600	10,359	0	PT
93.395		UW663936	3600	484	0	PT
93.395			3650	540,897	0	
93.395		11515SUB	3650	105,642	0	PT
Federal Program 93.395 Total				5,921,521	1,212,989	
93.396	Cancer Biology Research		3600	2,866,161	118,619	
93.396		0000957456	3600	1,787	0	PT
93.396		01061459	3600	123,434	0	PT
93.396		1719 G XB208	3600	99,105	0	PT
93.396		18-A1-00-1000999	3600	34,274	0	PT
93.396		18-A1-00-1000999 AM02	3600	100,611	0	PT
93.396		5116558	3600	154,278	0	PT
93.396		60068579 AM01	3600	120,995	0	PT
93.396			3650	344,889	0	
Federal Program 93.396 Total				3,845,534	118,619	
93.397	Cancer Centers Support Grants	0000955910	3600	(15,835)	0	PT
93.397		0000956821	3600	3,786	0	PT
93.397		0000957961	3600	48,060	0	PT
93.397		0000958053	3600	2,893	0	PT
93.397		0000958054	3600	8,827	0	PT
93.397		0000958170 AM01	3600	57,118	0	PT
93.397		0000963455	3600	(42,014)	0	PT
93.397		0000963456	3600	42,785	0	PT
93.397		0000963457	3600	11,896	0	PT
93.397		0000963458	3600	52,770	0	PT
93.397		0000963459	3600	44,632	0	PT
93.397		0000964115	3600	141,051	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.397	Cancer Centers Support Grants	0000974245 AM01	3600	37,380	0	PT
93.397		0000975529	3600	14,316	0	PT
93.397		0000975644	3600	63,375	0	PT
93.397		0000977579	3600	113,523	0	PT
93.397		0000977580	3600	69,734	0	PT
93.397		0000977593	3600	120,638	0	PT
93.397		0000978703	3600	19,943	0	PT
93.397		0000979143	3600	83,336	0	PT
93.397		0000979144 AM01	3600	20,223	0	PT
93.397		0000979146	3600	3,623	0	PT
93.397		0000979147	3600	12,336	0	PT
93.397		0000979302	3600	3,461	0	PT
93.397		0000979308	3600	(6,767)	0	PT
93.397		0000979309	3600	41,837	0	PT
93.397		0000979310	3600	52,812	0	PT
93.397		0000979390	3600	14,606	0	PT
93.397		0000979972	3600	15,475	0	PT
93.397		0000980983	3600	228,552	0	PT
93.397		0000981355	3600	50,565	0	PT
93.397		0000983563	3600	21,114	0	PT
93.397		0000984331	3600	36,494	0	PT
93.397		0000984332	3600	(2,417)	0	PT
93.397		0000984810	3600	68,569	0	PT
93.397		0000986914	3600	44,992	0	PT
93.397		0000994913	3600	46,702	0	PT
93.397		0000999900	3600	18,336	0	PT
93.397		0001000890	3600	19,230	0	PT
93.397		0001000940	3600	12,508	0	PT
93.397		0001000945 AM01	3600	190,283	0	PT
93.397		0001002655	3600	145,029	0	PT
93.397		0001006454	3600	54,892	0	PT
93.397		0001016340	3600	15,435	0	PT

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93.397	Cancer Centers Support Grants	0001016345	3600	247,383	0	PT
93.397		0001016348	3600	85,805	0	PT
93.397		0001016367	3600	65,808	0	PT
93.397		0001016371	3600	192,659	0	PT
93.397		0001016418	3600	136,168	0	PT
93.397		0001017915	3600	7,471	0	PT
93.397		0001024064	3600	7,190	0	PT
93.397		0001026127	3600	11,954	0	PT
93.397		0001028344	3600	6,079	0	PT
93.397		0001028734	3600	15,010	0	PT
93.397		0001028745	3600	18,241	0	PT
93.397		0001028746 AM01	3600	1,190	0	PT
93.397		0001028747 AM01	3600	83,752	0	PT
93.397		0001028765	3600	4,625	0	PT
93.397		0001028774	3600	3,595	0	PT
93.397		0001028781	3600	1,282	0	PT
93.397		0001028805	3600	15,378	0	PT
93.397		0001028806	3600	7,668	0	PT
93.397		0001029054	3600	22,489	0	PT
93.397		0001029270	3600	61,462	0	PT
93.397		0001029409	3600	73,037	0	PT
93.397		0001029410	3600	28,268	0	PT
93.397		0001029411	3600	60,721	0	PT
93.397		0001029412	3600	13,905	0	PT
93.397		0001029424	3600	2,011	0	PT
93.397		0001030056	3600	21,542	0	PT
93.397		0001030088	3600	38,238	0	PT
93.397		0001030731 AM01	3600	2,965	0	PT
93.397		0001031377	3600	3,752	0	PT
93.397		0001031378	3600	21,061	0	PT
93.397		0001032111	3600	13,026	0	PT
93.397		0001032163	3600	33,666	0	PT

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93.397	Cancer Centers Support Grants	0001032202	3600	29,736	0	PT
93.397		2018.0009 AM02	3600	181,491	0	PT
93.397		2018.0009 MOD01	3600	15,063	0	PT
93.397		3004538756 AM04	3600	131,940	0	PT
93.397		SA1901500	3600	5,256	0	PT
93.397		UW661544	3600	10,585	0	PT
93.397		WU-20-252	3600	3,871	0	PT
Federal Program 93.397 Total				3,671,447	0	
93.398	Cancer Research Manpower		3600	3,119,956	446	
93.398		0001016440	3600	67,180	0	PT
Federal Program 93.398 Total				3,187,136	446	
National Institutes of Health Total				105,422,837	14,254,128	
93.564	Child Support Enforcement Research		3000	188,333	122,965	
Federal Program 93.564 Total				188,333	122,965	
93.647	Social Services Research and Demonstration		3600	(566)	0	
Federal Program 93.647 Total				(566)	0	
Administration for Children and Families Total				187,767	122,965	
93.837	Cardiovascular Diseases Research		3600	28,649,236	5,146,782	
93.837		000518176-001 AM A05	3600	3,960	0	PT
93.837		0012348C AM01	3600	24,385	0	PT
93.837		0013892A	3600	32,282	0	PT
93.837		001501 AM04	3600	2,419	0	PT
93.837		080-18007-S27801 AM03	3600	310,197	0	PT
93.837		1(GG010998-07) AM05	3600	36,142	0	PT
93.837		10019000001HH4010AM02	3600	91,946	0	PT
93.837		1005697_UW AM03	3600	(3)	0	PT
93.837		100720-114489 AM04	3600	166,234	0	PT
93.837		10174200001HH5920AM03	3600	137,607	0	PT
93.837		11351SUB MOD07	3600	132,134	0	PT
93.837		11351SUB MOD08	3600	1,896	0	PT

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93.837	Cardiovascular Diseases Research	122387691 POS9002468	3600	91,942	0	PT
93.837		164592-5111972 AM01	3600	36,700	0	PT
93.837		17356	3600	6,383	0	PT
93.837		17356-01	3600	31,618	0	PT
93.837		177494218214226028AM02	3600	34,404	0	PT
93.837		2003928666 AM02	3600	91,237	0	PT
93.837		2004073037	3600	6,377	0	PT
93.837		2004073037 AM01	3600	38,752	0	PT
93.837		2004337131	3600	21,382	0	PT
93.837		3(GG011046-05) AM04	3600	63,204	0	PT
93.837		5113177 AM01	3600	31,794	0	PT
93.837		60043933 UW AMA03	3600	65,644	0	PT
93.837		60071065 AM01	3600	3,014	0	PT
93.837		60071090 AM01	3600	300,112	0	PT
93.837		60071091 AM01	3600	22,880	0	PT
93.837		60073569	3600	3,977	0	PT
93.837		60077277 AM02	3600	1,262	0	PT
93.837		60077278 AM03	3600	3,386	0	PT
93.837		7312021703065767LMOD01	3600	5,048	0	PT
93.837		867K764 AM2	3600	44,489	0	PT
93.837		9102SC AM04	3600	158,131	0	PT
93.837		A033025	3600	60,501	0	PT
93.837		A039010	3600	53,430	0	PT
93.837		A130787	3600	197,985	0	PT
93.837		A138591	3600	89,593	0	PT
93.837		AM01	3600	133,706	0	PT
93.837		ASUB00000241 AM01	3600	30,824	0	PT
93.837		CNVA000504701273911AM	3600	69,694	0	PT
93.837		FP065347-02-PR AM01	3600	41,569	0	PT
93.837		GB10586.159200 AM01	3600	28,259	0	PT
93.837		GR105731CON80001726A	3600	93,423	0	PT
93.837		MOD 05	3600	1,035	0	PT

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93.837	Cardiovascular Diseases Research	N005339720 AM02	3600	28,137	0	PT
93.837		OOS030150-UOW-02 AM04	3600	366,747	0	PT
93.837		P005875701 AM02	3600	21,801	0	PT
93.837		PS#224978 MOD06	3600	13,422	0	PT
93.837		RC109668UW AM01	3600	53,110	0	PT
93.837		S00450-01 AM01	3600	5,303	0	PT
93.837		S00450-01 AM02	3600	1,346	0	PT
93.837		UW663699	3600	63,490	0	PT
93.837		UW665196	3600	68	0	PT
93.837		VUMC 59443 AM 3	3600	618	0	PT
93.837		VUMC 59443 AM04	3600	63,096	0	PT
93.837		VUMC 59733	3600	2,429	0	PT
93.837		VUMC 59733 AMEND 1	3600	1,011	0	PT
93.837		VUMC58612 AM02	3600	(19,642)	0	PT
93.837		VUMC58612 AM06	3600	64,741	0	PT
93.837		VUMC59733	3600	185,508	0	PT
93.837		VUMC59733 AM05	3600	581,712	0	PT
93.837		WFUHS 116829 AM03	3600	(21,336)	0	PT
93.837			3650	1,043,812	253,208	
93.837		3011860	3650	296	0	PT
93.837		A051237	3800	17	0	PT
Federal Program 93.837 Total				33,905,876	5,399,990	
93.838	Lung Diseases Research		3600	6,779,279	1,108,124	
93.838		0000000152	3600	103,214	0	PT
93.838		00352001299073AM01	3600	(14)	0	PT
93.838		1090409-334683 AM04	3600	(29)	0	PT
93.838		12075 SUB MOD01	3600	63,255	0	PT
93.838		12173SUB	3600	6,958	0	PT
93.838		122287	3600	9,330	0	PT
93.838		2(GG011662-01) AM02	3600	10,821	0	PT
93.838		2(GG012782-07) AM02	3600	68,284	0	PT
93.838		229960 MOD04	3600	653,198	433,192	PT

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93.838	Lung Diseases Research	235341	3600	40,840	0	PT
93.838		236477	3600	66,942	0	PT
93.838		303862 AM1	3600	145,320	0	PT
93.838		31438-01-004SUB-0005	3600	(1,748)	0	PT
93.838		3143801004SUB0005AM05	3600	(3,923)	0	PT
93.838		3143801004SUB0005AM06	3600	24,072	0	PT
93.838		4(GG010919-05) AM05	3600	43,730	0	PT
93.838		5116145	3600	46,388	0	PT
93.838		901254913169229AM01	3600	(49)	0	PT
93.838		AD222-BARROC-1-SIBCR	3600	239	0	PT
93.838		AD222GLEASE1SIBCR	3600	112	0	PT
93.838		AD222GLEASE2SIBCR	3600	1,436	0	PT
93.838		AD222PLUMLR4SIBCR	3600	136	0	PT
93.838		AD222PLUMLR5SIBCR	3600	1,238	0	PT
93.838		AM02	3600	18,097	0	PT
93.838		CNVA0004669113310629A	3600	10,300	0	PT
93.838		EH17-325-S4 AM02	3600	62,837	0	PT
93.838		S00062 AM02	3600	44,787	0	PT
93.838		S00062-02 AM04	3600	23,563	0	PT
93.838		SUBK00008473	3600	5,157	0	PT
93.838		SUBK00008473 AM01	3600	30,312	0	PT
93.838		WU-19-105-MOD-1	3600	24,055	0	PT
Federal Program 93.838 Total				8,278,137	1,541,316	
93.839	Blood Diseases and Resources Research		3600	7,426,569	1,637,452	
93.839		0000846587 AM04	3600	218	0	PT
93.839		0000951722 AM02	3600	11,360	0	PT
93.839		0000969256	3600	45,597	0	PT
93.839		0000998786	3600	212,404	0	PT
93.839		0001002754	3600	321,485	0	PT
93.839		0001021336	3600	47,431	0	PT
93.839		0013267D AM01	3600	53,465	0	PT
93.839		0014251A	3600	10,599	0	PT

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93.839	Blood Diseases and Resources Research	11685UW147 AM01	3600	9,803	0	PT
93.839		11899SUB MOD02	3600	34,006	0	PT
93.839		12003SUB	3600	13,170	0	PT
93.839		12004SUB MOD01	3600	14,992	0	PT
93.839		12145SUB MOD01	3600	122,745	0	PT
93.839		12146SUB1	3600	90,371	0	PT
93.839		12265SUB	3600	16,554	0	PT
93.839		33108SUB52859 AM01	3600	37,073	0	PT
93.839		417287GURFAOGR510757	3600	178,082	0	PT
93.839		5112806 AM01	3600	52,646	0	PT
93.839		75103107 AM05	3600	286,040	0	PT
93.839		883-UW-2019	3600	7,428	0	PT
93.839		883-UW-2019 AM02	3600	9,699	0	PT
93.839		895-UW-2020	3600	36,671	0	PT
93.839		FP066598-B AM02	3600	15,273	0	PT
93.839		FP066598-D AM01	3600	2,193	0	PT
93.839		FY18878004FY19878004A	3600	77,136	0	PT
93.839		FY18878004FY20878004A	3600	31,001	0	PT
93.839		SA0000420	3600	25,482	0	PT
93.839		SA0000533 AM02	3600	63,662	0	PT
93.839		UW664504	3600	22,737	0	PT
93.839		0001004672	3650	4,528	0	PT
93.839			3800	109,876	0	
Federal Program 93.839 Total				9,390,296	1,637,452	
93.840	Translation and Implementation Science Research Fo		3600	1,516,846	350,289	
93.840		AD226SHAHR51SIBCRM0	3600	17,330	0	PT
Federal Program 93.840 Total				1,534,176	350,289	
93.846	Arthritis, Musculoskeletal and Skin Diseases Resea		3600	6,592,763	440,440	
93.846		0255-1291-4609 AM01	3600	27,081	0	PT
93.846		90077 AM02	3600	17,826	0	PT

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93.846	Arthritis, Musculoskeletal and Skin Diseases Resea	GJ11GJ14SIBCR	3600	2,238	0	PT
93.846		UW660355	3600	64,266	0	PT
93.846			3650	780,093	25,666	
Federal Program 93.846 Total				7,484,267	466,106	
93.847	Diabetes, Digestive, and Kidney Diseases Extramura		3600	23,709,050	3,162,059	
93.847		00001054 AM03	3600	17,519	0	PT
93.847		00001250 AM02	3600	49,173	0	PT
93.847		00009492295RC2DK114777	3600	37,435	0	PT
93.847		0001009385	3600	90,882	0	PT
93.847		000518101-003	3600	733	0	PT
93.847		0047227 (130849-3)	3600	(22,129)	0	PT
93.847		00472271308494AM01	3600	(10,496)	0	PT
93.847		096530001-322295 AM01	3600	17,376	0	PT
93.847		096530002-323581 AM02	3600	36,905	0	PT
93.847		100069 AM02	3600	2,702	792	PT
93.847		100710-114580 AM07	3600	252,068	0	PT
93.847		100710-118240 AM04	3600	137,424	0	PT
93.847		10309SC AM03	3600	50,902	0	PT
93.847		10321SC AM02	3600	39,629	0	PT
93.847		1046-SUB	3600	2,451	0	PT
93.847		1082-SUB	3600	14,638	5,084	PT
93.847		10863SC AM03	3600	165,374	0	PT
93.847		11097SUB	3600	1,132	0	PT
93.847		11097SUB MOD06	3600	73,277	0	PT
93.847		11334SUB MOD04	3600	6,773	0	PT
93.847		114959	3600	2,972	0	PT
93.847		11740SC	3600	124,027	0	PT
93.847		11866SUB	3600	1,572	0	PT
93.847		12180SUB MOD01	3600	45,305	0	PT
93.847		12199SUB MOD01	3600	91,224	0	PT
93.847		1329-SUB AM03	3600	125,474	40,534	PT

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93.847	Diabetes, Digestive, and Kidney Diseases Extramural	1348-SUB AM03	3600	79,282	0	PT
93.847		16-924 AM05	3600	18,141	0	PT
93.847		17-D17 AM02	3600	447,719	0	PT
93.847		19-3862 PO#2000046865	3600	11,371	0	PT
93.847		2003992125 AM01	3600	33,317	0	PT
93.847		2018114478	3600	1,673	0	PT
93.847		2019117057	3600	143,607	0	PT
93.847		206423 AM04	3600	7,383	0	PT
93.847		226142 AM10	3600	28,619	0	PT
93.847		3005085721 AM01	3600	8,852	0	PT
93.847		310859 AM08	3600	99,525	0	PT
93.847		32307-3 AM02	3600	7,851	1,275	PT
93.847		32307-34 AM01	3600	65,389	0	PT
93.847		32307-43	3600	9,956	0	PT
93.847		32307-49	3600	47,356	0	PT
93.847		32307-6 AM01	3600	(3,705)	0	PT
93.847		3R01DK113375-02S1	3600	(504)	0	PT
93.847		5013848-SERV	3600	1,724	0	PT
93.847		5013848-SERV AM03	3600	30,178	0	PT
93.847		5R01DK053456-17	3600	10,199	0	PT
93.847		600106 B.01 AM01	3600	5,645	0	PT
93.847		6163-1050-00-AM	3600	54,846	0	PT
93.847		6163-1051-00-AD AM03	3600	187,273	0	PT
93.847		6163-1051-00-Z AM04	3600	281,456	0	PT
93.847		6163-1082-00-AD	3600	200,270	0	PT
93.847		8095 AM01	3600	424,781	0	PT
93.847		8379SCAM065R01DK09823	3600	4,945	0	PT
93.847		AM04	3600	2,072	0	PT
93.847		AWD00000417 (132723-4)	3600	340,087	0	PT
93.847		BJ211-BJ2-3-SIBCR	3600	5,904	0	PT
93.847		BJ211-SIKKEC-1-SIBCR	3600	4,022	0	PT
93.847		BJ211-SIKKEC-2-SIBCR	3600	8,579	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.847	Diabetes, Digestive, and Kidney Diseases Extramura	BJ211BJ22SIBCRM01	3600	7,676	0	PT
93.847		CNVA000577191299762	3600	26,138	0	PT
93.847		CS113409_UOW AM03	3600	3,469	0	PT
93.847		CS113409UOWOOS030112	3600	17,195	0	PT
93.847		FP068366-01 B AM01	3600	42,826	0	PT
93.847		FP068366-01 I AM01	3600	70,200	0	PT
93.847		FY18.896.006	3600	17,674	0	PT
93.847		FY18896006PROJ255M852	3600	37,327	0	PT
93.847		FY20.601.002	3600	224,065	0	PT
93.847		GMO 161129 AM03	3600	58	0	PT
93.847		GMO 170915 AM02	3600	2,012	0	PT
93.847		GMO161129 PO000000975E	3600	12,836	0	PT
93.847		GMO200501PO0000001992	3600	11,921	0	PT
93.847		HR15HR18SIBCR	3600	14,321	0	PT
93.847		HR15HR19SIBCR	3600	14,423	0	PT
93.847		KA1459 AM01	3600	34,988	0	PT
93.847		KA1462 AM01	3600	34,055	0	PT
93.847		KS121-BE1-9SIBCR	3600	7,433	0	PT
93.847		KS121-SOCHAJ-10SIBCR	3600	28,430	0	PT
93.847		KS121-SOCHAJ-11-SIBCR	3600	16,761	0	PT
93.847		KS121BE110SIBCR	3600	5,310	0	PT
93.847		KS141-LOVATO-7-SIBCR	3600	12,359	0	PT
93.847		KS141-PJ1-6-SIBCR	3600	(950)	0	PT
93.847		KS141-PJ1-7-SIBCR	3600	2,533	0	PT
93.847		KS141-UW-7 AM01	3600	861	0	PT
93.847		KS141-UW-8 AM01	3600	410,202	0	PT
93.847		KS141WFUKS14SIBCR	3600	2,140	0	PT
93.847		KS141WFUKS15SIBCR	3600	6,214	0	PT
93.847		KS16-SOCHAJ-5-SIBCR	3600	15,794	0	PT
93.847		KS16-SOCHAJ-6-SIBCR	3600	9,311	0	PT
93.847		KS16KS110SIBCR	3600	6,095	0	PT
93.847		KS16KS19SIBCR MOD01	3600	12,964	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.847	Diabetes, Digestive, and Kidney Diseases Extramura	KS16LOVATC10SIBCR	3600	2,819	0	PT
93.847		KS16LOVATC9SIBCR	3600	3,924	0	PT
93.847		N006254903 AM02	3600	110,800	0	PT
93.847		PJ115-PJ1-4-SIBCR	3600	(4,670)	0	PT
93.847		PJ115-PJ1-5-SIBCR	3600	22,382	0	PT
93.847		PJ115BROOKB4SIBCR	3600	11,097	0	PT
93.847		PJ115BROOKB5SIBCR	3600	61,598	0	PT
93.847		PJ116-BROOKB-5-SIBCR	3600	50,938	0	PT
93.847		PJ116-PJ1-4-SIBCR	3600	7,213	0	PT
93.847		PJ116-PJ1-5-SIBCR	3600	33,530	0	PT
93.847		PJ116BROOKB4SIBCRM0	3600	9,988	0	PT
93.847		RES512841 AM02	3600	16,755	0	PT
93.847		RES513286	3600	37,416	0	PT
93.847		RES513286 AM01	3600	(65,663)	0	PT
93.847		RES514013	3600	28,045	0	PT
93.847		RES514453 AM01	3600	300,918	0	PT
93.847		RNG003044BUDG03UW03	3600	60,676	0	PT
93.847		RNG209700-02 AM02	3600	4,773	0	PT
93.847		S-DPP1920-JC02MOD1	3600	350,035	0	PT
93.847		SPC-000867 AM01	3600	11,548	0	PT
93.847		SUBK00011237 AM02	3600	4,013	0	PT
93.847		SUBK00011237 AM03	3600	27,717	0	PT
93.847		UK1-GRADE-KS1-6-SIBCR	3600	3,243	0	PT
93.847		UK1-GRADE-KS1-8-SIBCR	3600	23,899	0	PT
93.847		UK1-GRADE-WL1-3-SIBC	3600	1,093	0	PT
93.847		UK1-GRADE-WL1-4-SIBC	3600	11,073	0	PT
93.847		UK1GRADE-UK1-6-SIBCR	3600	9,517	0	PT
93.847		UK1GRADEUK15SIBCRM	3600	2,722	0	PT
93.847		UW BUD# 1638885	3600	1,860	0	PT
93.847		UW BUD# 1638886	3600	7,135	0	PT
93.847		UW BUD# 1638887	3600	8,595	0	PT
93.847		UW BUD# 1638888	3600	6,486	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.847	Diabetes, Digestive, and Kidney Diseases Extramura	UW BUD# 1638889	3600	7,784	0	PT
93.847		UW BUD# 1638890	3600	1,328	0	PT
93.847		UW BUD# 1638891	3600	4,797	0	PT
93.847		UW BUD# 1638892	3600	2,910	0	PT
93.847		UW BUD# 1638893	3600	8,634	0	PT
93.847		UW BUD# 1638894	3600	5,823	0	PT
93.847		UW BUD# 1638895	3600	2,869	0	PT
93.847		UW BUD# 1639221	3600	1,690	0	PT
93.847		UW637175	3600	20,869	0	PT
93.847		UW638885	3600	41,976	0	PT
93.847		UW638886	3600	53,165	0	PT
93.847		UW638887	3600	63,548	0	PT
93.847		UW638888	3600	107,797	0	PT
93.847		UW638889	3600	79,731	0	PT
93.847		UW638890	3600	16,626	0	PT
93.847		UW638891	3600	22,099	0	PT
93.847		UW638892	3600	94,861	0	PT
93.847		UW638893	3600	108,967	0	PT
93.847		UW638894	3600	124,219	0	PT
93.847		UW638895	3600	33,379	0	PT
93.847		UW639221	3600	19,433	0	PT
93.847		UW662724	3600	54,310	0	PT
93.847		UW663833	3600	4,433	0	PT
93.847		UW663868	3600	251,337	0	PT
93.847		VUMC42466 AM03	3600	(1,426)	0	PT
93.847		VUMC42466 AM05	3600	39,546	0	PT
93.847		VUMC67532	3600	109	0	PT
93.847		ZS22-MUNDIT-4-SIBCR	3600	7,294	0	PT
93.847		ZS22-ZS2-7-SIBCR MOD01	3600	45,464	0	PT
93.847			3650	2,092,804	291,687	
93.847		401536	3650	102,624	0	PT
93.847		FY17001016	3650	40,104	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.847	Diabetes, Digestive, and Kidney Diseases Extramural	R01DK108765S001	3650	129,434	0	PT
93.847		RGF010786A	3650	87,914	0	PT
Federal Program 93.847 Total				33,575,773	3,501,431	
93.853	Extramural Research Programs in the Neurosciences		3600	20,019,444	2,871,375	
93.853		0000000112_MOD_O1	3600	30,525	0	PT
93.853		01061832	3600	20,141	0	PT
93.853		010785-135574 AM02	3600	6,831	0	PT
93.853		011266-135574 AM01	3600	3,727	0	PT
93.853		011337-135574 AM01	3600	41,889	0	PT
93.853		012043-135574	3600	2,130	0	PT
93.853		012044-135574 AM01	3600	2,130	0	PT
93.853		012340-135574	3600	1,003	0	PT
93.853		0255-6614-4609 AM10	3600	13,131	0	PT
93.853		0255-C801-4609 AM2	3600	120,184	0	PT
93.853		1(GG012006-02) AM04	3600	219,413	0	PT
93.853		1012547_UWA AM01	3600	48,247	0	PT
93.853		1013756_UWA AM01	3600	125,231	0	PT
93.853		1015158_UW	3600	25,646	0	PT
93.853		10284SC AM01	3600	(937)	0	PT
93.853		10945SC	3600	89,029	0	PT
93.853		11037SC AM01	3600	23,718	0	PT
93.853		11360SUB MOD04	3600	96,987	0	PT
93.853		11480SUB MOD03	3600	35,136	0	PT
93.853		11713SUB MOD02	3600	41,367	0	PT
93.853		11833SUB MOD01	3600	13,914	0	PT
93.853		131551397	3600	5,163	0	PT
93.853		14942051049390302AM02	3600	106,503	0	PT
93.853		164688/164682	3600	81,496	0	PT
93.853		166222/165999	3600	104,068	0	PT
93.853		19-3245-UWA AM01	3600	134,452	0	PT
93.853		20-4448-UWA AM02	3600	68,742	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.853	Extramural Research Programs in the Neurosciences	2003445452 MOD 1	3600	1,487	0	PT
93.853		2003445452 MOD02	3600	17,268	0	PT
93.853		2017-01#A121200	3600	5,882	0	PT
93.853		232940 AM02	3600	250,307	0	PT
93.853		233481AM001	3600	6,028	0	PT
93.853		30003963-54 AM01	3600	(1,433)	0	PT
93.853		417612URFAOGR510748A	3600	72,859	0	PT
93.853		567147	3600	29,480	0	PT
93.853		567147 AM03	3600	7,424	0	PT
93.853		572825 AM02	3600	7,479	0	PT
93.853		572976	3600	(31,892)	0	PT
93.853		576480	3600	31,728	0	PT
93.853		576480 AM01	3600	33,108	0	PT
93.853		578474	3600	19,782	0	PT
93.853		5978-01	3600	35,027	0	PT
93.853		60043694 UW A03	3600	60,633	0	PT
93.853		60054064 WASH	3600	104,714	0	PT
93.853		61311385-124387 AM05	3600	(42,409)	1,346	PT
93.853		61311385-124387 AM06	3600	221,098	7,356	PT
93.853		61855870-125439 AM03	3600	39,490	0	PT
93.853		7891SC AM11	3600	5,559	0	PT
93.853		9670SC AM07	3600	322,221	0	PT
93.853		A146724 AM01	3600	138,981	0	PT
93.853		A302023	3600	146,101	0	PT
93.853		AWD0001238 (133676-3)	3600	6,660	0	PT
93.853		IJ23-IJ2-1-SIBCR	3600	22,821	0	PT
93.853		IJ23-JANSSD-1-SIBCR	3600	2,668	0	PT
93.853		IJ23-WANGM-1-SIBCR	3600	30,354	0	PT
93.853		JPAPOTD116HS22SIBCRM	3600	21,896	0	PT
93.853		KB26BKB21SIBCRM001	3600	10,948	0	PT
93.853		N004688501 AM04	3600	686	0	PT
93.853		N008333201	3600	47,338	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.853	Extramural Research Programs in the Neurosciences	PE154-PE1-4-SIBCR	3600	2,285	0	PT
93.853		PE154PE1-3-SIBCR	3600	1,559	0	PT
93.853		PRIME 1R01NS110856-01	3600	92,158	0	PT
93.853		S397592 AM01	3600	41,678	41,678	PT
93.853		S397592 AM02	3600	1,477	0	PT
93.853		S397592 AM02	3600	527,665	194,588	PT
93.853		S407472 AM02	3600	228,205	0	PT
93.853		SA15008-UW	3600	79,817	0	PT
93.853		SA15008-UW AM02	3600	14,337	0	PT
93.853		SUBK00007467 AM01	3600	396,243	0	PT
93.853		SUBK10405CSPR-002	3600	62,855	0	PT
93.853		T234837 AM06	3600	3,358	0	PT
93.853		TD116-HS2-3-SIBCR	3600	9,398	0	PT
93.853		TD118-TD1-1-SIBCR	3600	2,963	0	PT
93.853		UC1LJ16B-FISHB-4-SIBCR	3600	54,530	0	PT
93.853		UC1LJ16B-KV1-4-SIBCR	3600	17,160	0	PT
93.853		UC1LJ16BHS23SIBCRMO	3600	9,346	0	PT
93.853		UW639582	3600	4,130	0	PT
93.853		WAS-224063 AM 01	3600	294	0	PT
93.853		WAS-224063-02 AM02	3600	16,036	0	PT
93.853		WAS-232483 AM02	3600	4,878	0	PT
93.853			3650	1,028,983	103,013	
93.853		132657001	3650	14,528	0	PT
93.853		R41NS107099	3650	19,177	0	PT
93.853			3700	97,228	11,120	
Federal Program 93.853 Total				25,833,891	3,230,476	
93.855	Allergy and Infectious Diseases Research		3600	61,596,974	10,908,678	
93.855		0000000165	3600	70,138	0	PT
93.855		0000000248	3600	98,438	0	PT
93.855		0000913192 MOD02	3600	4,718	0	PT
93.855		0000927588	3600	(349)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.855	Allergy and Infectious Diseases Research	0000943535	3600	(27)	0	PT
93.855		0000944095 AM01	3600	(3,086)	0	PT
93.855		0000947108 AM01	3600	2,280	0	PT
93.855		0000948051	3600	(2,294)	0	PT
93.855		0000949850	3600	(6,056)	0	PT
93.855		0000949852 AM01	3600	5,882	0	PT
93.855		0000949853	3600	(58)	0	PT
93.855		0000950760	3600	(6)	0	PT
93.855		0000953006 AM01	3600	(344,109)	0	PT
93.855		0000962047	3600	129,394	0	PT
93.855		0000962048 AM01	3600	26,554	0	PT
93.855		0000963784	3600	(24,302)	0	PT
93.855		0000964506 AM01	3600	88,611	0	PT
93.855		0000964510 AM01	3600	4,388	0	PT
93.855		0000964732 AM01	3600	268,179	0	PT
93.855		0000965321 AM02	3600	175,994	0	PT
93.855		0000965331 AM02	3600	195,795	0	PT
93.855		0000965772	3600	3,969	0	PT
93.855		0000966404 AM01	3600	89,630	0	PT
93.855		0000966451	3600	11,841	0	PT
93.855		0000966451 AM02	3600	265,643	0	PT
93.855		0000966654 AM01	3600	55,030	0	PT
93.855		0000967192 AM01	3600	77,207	0	PT
93.855		0000967194 AM01	3600	193,673	0	PT
93.855		0000967196 AM01	3600	135,464	0	PT
93.855		0000967198 AM01	3600	69,472	0	PT
93.855		0000967200	3600	13,506	0	PT
93.855		0000967202 AM02	3600	429,333	0	PT
93.855		0000967310 AM01	3600	119,039	0	PT
93.855		0000970508 AM01	3600	28,870	0	PT
93.855		0000970606 AM01	3600	52,840	0	PT
93.855		0000970632 AM01	3600	40,164	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.855	Allergy and Infectious Diseases Research	0000970723 AM01	3600	28,718	0	PT
93.855		0000977405 AM01	3600	78,537	0	PT
93.855		0000977473 AM01	3600	72,153	0	PT
93.855		0000981927 AM02	3600	106,532	0	PT
93.855		0000985119 AM01	3600	325,706	0	PT
93.855		0000985277 AM02	3600	221,442	0	PT
93.855		0000986153	3600	2,467	0	PT
93.855		0000986326	3600	15,819	0	PT
93.855		0000988483 AM01	3600	76,186	0	PT
93.855		0000992527	3600	93,069	0	PT
93.855		0000994652 AM01	3600	288,202	0	PT
93.855		0000994797	3600	24,567	0	PT
93.855		0000994941	3600	153,903	0	PT
93.855		0000994984	3600	157,121	0	PT
93.855		0000996045 AM01	3600	1,204,182	0	PT
93.855		0000996899	3600	23,084	0	PT
93.855		0000997461	3600	69,136	0	PT
93.855		0001001217	3600	148,689	0	PT
93.855		0001009315 AM01	3600	6,567	0	PT
93.855		0001009329 AM01	3600	265,527	0	PT
93.855		0001009383 AM01	3600	398,375	0	PT
93.855		0001011527	3600	161,193	0	PT
93.855		0001011592 AM01	3600	154,022	0	PT
93.855		0001012166	3600	149,445	0	PT
93.855		0001012195	3600	122,112	0	PT
93.855		0001012210	3600	298,400	0	PT
93.855		0001012213	3600	264,246	0	PT
93.855		0001012286	3600	61,543	0	PT
93.855		0001012355 AM01	3600	69,319	0	PT
93.855		0001012526	3600	11,482	0	PT
93.855		0001013124	3600	51,024	0	PT
93.855		0001013125	3600	74,967	0	PT

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93.855	Allergy and Infectious Diseases Research	0001013815	3600	41,221	0	PT
93.855		0001013910 AM01	3600	44,032	0	PT
93.855		0001014198	3600	179,465	0	PT
93.855		0001015916 AM01	3600	34,665	0	PT
93.855		0001020283	3600	7,149	0	PT
93.855		0001022939	3600	37,974	0	PT
93.855		0001024201	3600	15,608	0	PT
93.855		0001028296	3600	10,729	0	PT
93.855		0001028526	3600	17,178	0	PT
93.855		0001029242	3600	737	0	PT
93.855		000510836-006 AM A05	3600	899,425	0	PT
93.855		000510836-006 AM04	3600	166,573	0	PT
93.855		0060130 (131574-2)	3600	9,218	0	PT
93.855		0121303S01	3600	(47,433)	0	PT
93.855		0121304S01	3600	200,299	0	PT
93.855		0121403S01	3600	(202)	0	PT
93.855		0121404S01	3600	133,736	0	PT
93.855		0121704S02	3600	113,127	0	PT
93.855		0129201S01	3600	46,693	0	PT
93.855		0129202S01	3600	60,139	0	PT
93.855		0135001S01	3600	3,459	0	PT
93.855		0884 MOD01 PO 1277891	3600	97,959	0	PT
93.855		1(GG015232-01)	3600	26,669	0	PT
93.855		10019SCAM035R01AI0984	3600	5,226	0	PT
93.855		1013170_UWA	3600	19,760	0	PT
93.855		1013170_UWA AM01	3600	29,755	0	PT
93.855		10182SC AM04	3600	32,587	0	PT
93.855		10182SC AM05	3600	6,859	0	PT
93.855		10951SC	3600	96,648	0	PT
93.855		10995SUB MOD07	3600	(10)	0	PT
93.855		11003SC	3600	2,259	0	PT
93.855		11003SC AM02	3600	90,683	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.855	Allergy and Infectious Diseases Research	11229SUB MOD03	3600	(427)	0	PT
93.855		11229SUB MOD04	3600	15,114	0	PT
93.855		112668 AM05	3600	201,469	0	PT
93.855		11313SC	3600	20,706	0	PT
93.855		11313SC AM02	3600	463,638	11,044	PT
93.855		11415SUB AM03	3600	66,183	0	PT
93.855		11645SUB MOD01	3600	198,139	0	PT
93.855		11645SUB MOD02	3600	322,675	0	PT
93.855		11670SUB MOD02	3600	125,257	0	PT
93.855		11671SUB MOD02	3600	110,950	0	PT
93.855		11917SUB MOD03	3600	178,465	0	PT
93.855		11927SUB MOD02	3600	87,234	0	PT
93.855		11972SUB MOD03	3600	150,689	0	PT
93.855		12023SUB	3600	120,879	0	PT
93.855		12175SUB	3600	193,075	0	PT
93.855		12179SUB	3600	64,679	0	PT
93.855		12234SUB	3600	450,401	0	PT
93.855		12260SUB	3600	202,734	0	PT
93.855		12273SUB	3600	134,688	0	PT
93.855		1391 MOD01	3600	121,747	0	PT
93.855		1559 G TA522 AM09	3600	226,079	0	PT
93.855		1560 B WA953 AM01	3600	125,032	0	PT
93.855		1560 G WA590 AM01	3600	108,379	0	PT
93.855		1560 G WB672 AM01	3600	18,500	0	PT
93.855		1560 G WB672 AM02	3600	10,786	0	PT
93.855		1650 G WA395 AM03	3600	170,269	0	PT
93.855		1650 G WA395 AM06	3600	181,961	0	PT
93.855		192222-2 AM01	3600	79,317	0	PT
93.855		2003036376 MOD10	3600	704,432	0	PT
93.855		2017-3539 AM03	3600	3,248	0	PT
93.855		2018-3594 AM01	3600	53,390	0	PT
93.855		2018.0004 AM01	3600	17,041	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.855	Allergy and Infectious Diseases Research	203504UW AM01	3600	230,887	0	PT
93.855		2037434 (2037025)	3600	(54)	0	PT
93.855		261004-UWASH AM1	3600	4,627	0	PT
93.855		4688 AM01	3600	(48,052)	0	PT
93.855		4695 AM01	3600	252,292	0	PT
93.855		5111674	3600	73,059	0	PT
93.855		5114996	3600	329,778	0	PT
93.855		569316 AM05	3600	335,373	0	PT
93.855		571209 AM03	3600	9,225	0	PT
93.855		5U01AI115520-05_UW_Y5	3600	28,477	0	PT
93.855		60062752AM02PREV60062	3600	127,369	0	PT
93.855		6610100083 AM 5	3600	14,887	0	PT
93.855		73440803 AM004	3600	20,450	0	PT
93.855		8133_UW	3600	41,410	0	PT
93.855		839K311	3600	8,138	0	PT
93.855		9155 AM01	3600	306,901	0	PT
93.855		9579 AM02	3600	97,282	0	PT
93.855		9607 AM02	3600	48,659	0	PT
93.855		9645	3600	116,369	0	PT
93.855		97100800173POUS00242A	3600	5,873	0	PT
93.855		A011120 AM02	3600	197,163	0	PT
93.855		A031858	3600	46,316	0	PT
93.855		A119810 AM01	3600	44,844	0	PT
93.855		A119810 AM02	3600	378,845	0	PT
93.855		A147555 MOD01	3600	188,390	0	PT
93.855		A263429	3600	106,839	0	PT
93.855		ADI-UW-2020-001	3600	59,704	0	PT
93.855		CB2558-SB-897826 AM02	3600	65,893	0	PT
93.855		FY18ITN293 AM01	3600	31,051	0	PT
93.855		FY19349003PROJECT25A7	3600	115,678	0	PT
93.855		FY19ITN304	3600	31,845	0	PT
93.855		FY19ITN318 AM01	3600	188,658	0	PT

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.855	Allergy and Infectious Diseases Research	FY19ITN318 AM02	3600	168,356	0	PT
93.855		FY20.349.001_AMD1	3600	40,554	0	PT
93.855		FY20ITN293 AM02	3600	17,506	0	PT
93.855		FY20ITN361	3600	28,446	0	PT
93.855		G164-18-W7010	3600	73,756	0	PT
93.855		G164-18-W7010 AM04	3600	124,210	0	PT
93.855		GMO 180806 AM02	3600	303,715	0	PT
93.855		IDG_UW_02 AM02	3600	3,201	0	PT
93.855		LDR01MOD07PO20021311	3600	14,514	0	PT
93.855		LDR01MOD09PO20021311	3600	21,609	0	PT
93.855		MOD02	3600	87,129	0	PT
93.855		MOD03	3600	358,933	0	PT
93.855		OSP2018036 AM04	3600	318,081	0	PT
93.855		P006941201 AM01	3600	1,133	0	PT
93.855		PO# US00242 MOD18	3600	19,427	0	PT
93.855		PO17001138 MOD09	3600	17,177	0	PT
93.855		PRIME# R44AI089290	3600	(22)	0	PT
93.855		R1142049 AM01	3600	101,433	0	PT
93.855		RES510939 AM03	3600	583,644	0	PT
93.855		RES513942 AM01	3600	163,255	0	PT
93.855		RNG210453-BUDG01-UW-	3600	5,227	0	PT
93.855		S-001012 AM02	3600	156,835	0	PT
93.855		SA1901529	3600	(5)	0	PT
93.855		SP00013673-02	3600	54,386	0	PT
93.855		SP00013673-02 AM01	3600	26,888	0	PT
93.855		SPC-000844 AM01	3600	46,158	0	PT
93.855		SPC-000983 AM01	3600	103,840	0	PT
93.855		SUL1847-02 AM05	3600	(383)	0	PT
93.855		TBC2019UOW	3600	266,351	0	PT
93.855		UW630303	3600	106	0	PT
93.855		UW632645	3600	195,238	0	PT
93.855		UW633650	3600	165,683	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.855	Allergy and Infectious Diseases Research	UW636977	3600	45,357	0	PT
93.855		UW636979	3600	59,459	0	PT
93.855		UW636980	3600	4,610	0	PT
93.855		UW636981	3600	4,836	0	PT
93.855		UW639484	3600	74,416	0	PT
93.855		UW662945	3600	97,982	0	PT
93.855		VUMC74709 AM01	3600	114,901	0	PT
93.855		VUMC75985	3600	36,458	0	PT
93.855		WA00735107OSP2018036A	3600	18,482	0	PT
93.855			3650	5,026,642	779,013	
93.855		31162B	3650	27,061	0	PT
93.855		5106846	3650	38,408	0	PT
93.855		H004942302	3650	213,853	0	PT
93.855		IN4688954WSU	3650	72,797	0	PT
93.855		MO070619	3650	11,975	0	PT
Federal Program 93.855 Total				89,131,184	11,698,735	
93.859	Biomedical Research and Research Training		3600	39,656,297	2,116,189	
93.859		0000948942	3600	50	0	PT
93.859		0000953698 AM02	3600	22,616	0	PT
93.859		0000969248	3600	32,357	0	PT
93.859		0001020041	3600	125,207	0	PT
93.859		1003716AWASHINGTONM	3600	44,850	0	PT
93.859		10044932-08 AM02	3600	43,246	0	PT
93.859		10044932-08 AM03	3600	193,273	0	PT
93.859		2002735434 AM05	3600	11,498	0	PT
93.859		2015.0001 AM05	3600	27,806	0	PT
93.859		2016-3369 AM03	3600	79,795	0	PT
93.859		201703197-04 AM03	3600	47,796	0	PT
93.859		20170319705A170013S001	3600	23,171	0	PT
93.859		2018-279	3600	3,571	0	PT
93.859		2018-303	3600	4,001	0	PT
93.859		2019-282 AM 1	3600	84,955	0	PT

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93.859	Biomedical Research and Research Training	2019.0005	3600	39,167	0	PT
93.859		2020-174 AM03	3600	54,810	0	PT
93.859		5107298 AM04	3600	38	0	PT
93.859		62244825-136718 AM01	3600	368,680	0	PT
93.859		8036_UWASH_04	3600	41,429	0	PT
93.859		A032217	3600	72,863	0	PT
93.859		A127786 AM03	3600	197,707	0	PT
93.859		FY19841001AM01PTE25A4	3600	16,149	0	PT
93.859		R44GM123833 AM02	3600	83,030	0	PT
93.859		R960652 AM05	3600	93,661	0	PT
93.859		UNIV60752 AM02	3600	203,235	0	PT
93.859		UW639790	3600	73,729	0	PT
93.859		VUMC 55495 AM03	3600	(652)	0	PT
93.859		VUMC 55495 AM04	3600	39,860	0	PT
93.859			3650	4,105,105	629,017	
93.859		257109WSU	3650	66,371	0	PT
93.859		FY15652002	3650	(57,086)	0	PT
93.859		WU17182	3650	138,037	0	PT
93.859			3800	174,385	0	
93.859		160086-U2017-004	3800	39,475	0	PT
Federal Program 93.859 Total				46,150,482	2,745,206	
93.865	Child Health and Human Development Extramural Rese		3600	18,960,238	3,799,242	
93.865		0000966758	3600	37,565	0	PT
93.865		0000991521 AM01	3600	425,216	0	PT
93.865		0001007575	3600	79,247	0	PT
93.865		0001027004	3600	12,108	0	PT
93.865		000512823-004 A02	3600	(3,466)	0	PT
93.865		004886012687312AM01	3600	(11,119)	0	PT
93.865		0051592 (128416-3)AM02	3600	606	0	PT
93.865		102469.001.001 AM03	3600	29,994	0	PT
93.865		102492.001.001	3600	8,399	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.865	Child Health and Human Development Extramural Rese	11420515875107643AM001	3600	55,239	0	PT
93.865		11614SUB MOD03	3600	106,681	0	PT
93.865		12119SUB	3600	94,171	0	PT
93.865		17611-00	3600	40,274	0	PT
93.865		1920 G UA066 AM03	3600	39,528	0	PT
93.865		20-84415-10	3600	6,298	0	PT
93.865		2004031129 AM01	3600	26,704	0	PT
93.865		288-01 AM02	3600	22,457	0	PT
93.865		3003294837 AM05	3600	53,328	0	PT
93.865		3003879380 AM06	3600	33,124	0	PT
93.865		3004910137 AM02	3600	38,253	0	PT
93.865		3021485	3600	104,057	0	PT
93.865		5109092 AM02	3600	313,401	0	PT
93.865		5112526 AM1	3600	116,754	0	PT
93.865		5R42HD093476-03-SA01	3600	162,228	0	PT
93.865		60047828 UW AM02	3600	26,897	0	PT
93.865		60047828 UW AM03	3600	40,304	0	PT
93.865		60047828 WASH	3600	7,166	0	PT
93.865		60060209 AM03	3600	46,099	0	PT
93.865		7000000288 AM03	3600	275,310	0	PT
93.865		773K253 AM03	3600	40,954	0	PT
93.865		ACTIVITY3200660619PO20	3600	(11)	0	PT
93.865		AH 19-105-003-A1	3600	7,356	0	PT
93.865		GENFD0001780112	3600	3,992	0	PT
93.865		GJ115-GJ1-1-SIBCR	3600	2,175	0	PT
93.865		GJ115-GJ1-2-SIBCR	3600	6,524	0	PT
93.865		IJ14-LID-1-SIBCR	3600	5,346	0	PT
93.865		IJ14-LID-2-SIBCR	3600	15,338	0	PT
93.865		IJ14-WILLIA-1-SIBCR	3600	4,197	0	PT
93.865		IJ14-WILLIA-2-SIBCR	3600	12,080	0	PT
93.865		R02041	3600	20,365	0	PT
93.865		S-MFM1819-JB13	3600	26,538	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.865	Child Health and Human Development Extramural Rese	S-MFM1920-CF13	3600	5,793	0	PT
93.865		SUBK00009201	3600	16,168	0	PT
93.865		SUBK00009201PO30055415	3600	117,911	0	PT
93.865		TUL-HSC-557116-18/19	3600	2,900	0	PT
93.865		TUL-HSC-557543-19/20	3600	33,526	0	PT
93.865		UNI20120801PO66645877A	3600	62,845	0	PT
93.865		UW31227-01	3600	16,896	0	PT
93.865		UW630892	3600	25,828	0	PT
93.865		UW663001	3600	467	0	PT
93.865		UW664574	3600	7,521	0	PT
93.865		WU-19-329 MOD01	3600	161,455	0	PT
93.865			3650	3,722,451	699,141	
93.865		1013518WSU	3650	6,644	0	PT
93.865		3453212003506	3650	27,562	0	PT
93.865		ASUB00000308	3650	56,195	0	PT
Federal Program 93.865 Total				25,556,077	4,498,383	
93.866	Aging Research		3600	36,570,093	7,204,916	
93.866		00000844 AM05	3600	186,753	0	PT
93.866		0000981488 AM01	3600	36,979	0	PT
93.866		0255-B741-4609	3600	84,245	0	PT
93.866		0255-B741-4609 AM02	3600	32,773	0	PT
93.866		0255-B851-4609	3600	195,408	0	PT
93.866		100-101720-112971 AM04	3600	25,628	0	PT
93.866		10041896 AM01	3600	14,662	0	PT
93.866		101720-441340 AM 3	3600	14,385	0	PT
93.866		10841SC AM01	3600	11,100	0	PT
93.866		109309268 AM01	3600	121,053	0	PT
93.866		11075SC AM03	3600	34,276	0	PT
93.866		114-101720-551083 AM02	3600	284,098	0	PT
93.866		115640 AM05	3600	30,659	0	PT
93.866		116546-5097910 AM05	3600	98,251	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.866	Aging Research	119900 AM02	3600	12,154	0	PT
93.866		124009907 AM01	3600	30,533	0	PT
93.866		1558 G TA326 AM08	3600	96,289	0	PT
93.866		1558 G WA112 AM02	3600	16,764	0	PT
93.866		1558 G WA254 AM01	3600	6,471	0	PT
93.866		164388/164378	3600	139,304	0	PT
93.866		166357/166354	3600	48,726	0	PT
93.866		2019-1296-02	3600	153,943	0	PT
93.866		210275-520-03 AM02	3600	31,737	0	PT
93.866		280201015-S221 AM03	3600	189,771	0	PT
93.866		30340SUB52029UOFWASH	3600	70,760	0	PT
93.866		31086C AM03	3600	229,474	0	PT
93.866		31332-02-UW	3600	34,158	0	PT
93.866		41840.00.02.UW	3600	279,285	0	PT
93.866		4500002537 AM001	3600	35,676	0	PT
93.866		4500003041 AM002	3600	216,958	0	PT
93.866		4500003082 AM01	3600	31,684	0	PT
93.866		4500003104	3600	86,408	0	PT
93.866		4500003184 AM01	3600	246,659	0	PT
93.866		4500003432	3600	13,964	0	PT
93.866		4500003470	3600	594	0	PT
93.866		5(GG015822-01)	3600	10,078	0	PT
93.866		573045 AM02	3600	85,840	0	PT
93.866		573992, AM04	3600	17,107	0	PT
93.866		574060 AM04	3600	88,743	0	PT
93.866		576568 AM07	3600	46,351	0	PT
93.866		577437 AM01	3600	17,208	0	PT
93.866		579279	3600	14,531	0	PT
93.866		60048329 UW AMA03	3600	2,866	0	PT
93.866		60048330 UW A03	3600	1,780	0	PT
93.866		60048330 UW AM A02	3600	10,896	0	PT
93.866		60048331 UW	3600	2,866	0	PT

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93.866	Aging Research	60048331 UW AMA02	3600	7,551	0	PT
93.866		60048332 UW A03	3600	24,488	0	PT
93.866		60048332 UW AM A02	3600	173,396	0	PT
93.866		61314414-124531 AM04	3600	2,123	0	PT
93.866		61314414-124531 AM07	3600	390,029	0	PT
93.866		61627910-128473 AM02	3600	35,731	0	PT
93.866		800080 AM03	3600	11,086	0	PT
93.866		800180/800080 AM04	3600	10,632	0	PT
93.866		87749088 AM002	3600	4,708	0	PT
93.866		9499SC AM02	3600	(1)	0	PT
93.866		9499SC AM03	3600	9,330	0	PT
93.866		97832536 AM01	3600	26,730	0	PT
93.866		A03-3241	3600	41,918	0	PT
93.866		A142285	3600	93,164	0	PT
93.866		A234165	3600	86,149	0	PT
93.866		BW218BW22SIBCR	3600	3,909	0	PT
93.866		BW219BW21SIBCR	3600	933	0	PT
93.866		BW29BW26SIBCR	3600	20,497	0	PT
93.866		FY19875002FY20875002A	3600	16,722	0	PT
93.866		FY19875002PO1001169488	3600	28,706	0	PT
93.866		GL064596-UWS-Y2 AM01	3600	28,921	0	PT
93.866		IJ22-IJ2-1-SIBCR	3600	22,821	0	PT
93.866		IJ22-JANSSD-1-SIBCR	3600	2,668	0	PT
93.866		IJ22-WANGM-1-SIBCR	3600	30,330	0	PT
93.866		KB210A-MCMILP-1-SIBCR	3600	13,197	0	PT
93.866		KB210A-WALDHS1-1-SIBC	3600	6,478	0	PT
93.866		KB211-KB2-3-SIBCR	3600	32,845	0	PT
93.866		KB211-KB2-4-SIBCR	3600	10,897	0	PT
93.866		KB211-MCMILP-2-SIBCR	3600	26,395	0	PT
93.866		KB211-WALDHS1-2-SIBCR	3600	14,923	0	PT
93.866		KB29-KB2-1-SIBCR	3600	32,794	0	PT
93.866		KS121WFUKS12SIBCR	3600	13,038	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.866	Aging Research	KS121WFUSOCHAJ2SIBC	3600	26,693	0	PT
93.866		NORTIS-001	3600	10,293	0	PT
93.866		OS00000066AM03SPC0002	3600	202,264	0	PT
93.866		PE155PE14SIBCR	3600	9,264	0	PT
93.866		PE155RM14SIBCR	3600	57,330	0	PT
93.866		PE158-PE1-2-SIBCR	3600	12,091	0	PT
93.866		PE158PE11SIBCR	3600	6,308	0	PT
93.866		RES514125	3600	2,572	0	PT
93.866		RES514787 AM01	3600	14,255	0	PT
93.866		RNG002694-BUDG01-UW-	3600	866,680	0	PT
93.866		RNG002694BUDG01UW00	3600	129,280	0	PT
93.866		RNG209690BUDG02UW00	3600	29,066	0	PT
93.866		RNG209725BUDG02UW00	3600	242,812	0	PT
93.866		RNG209925-BUDG01-UW-	3600	(1,186)	0	PT
93.866		RNG209925BUDG02UW01	3600	110,503	0	PT
93.866		SHL2120-04 AM01	3600	28,683	0	PT
93.866		STE2196-11	3600	102,038	0	PT
93.866		SUBK00009657 AM01	3600	88,337	0	PT
93.866		SUBK00009932PO30052399	3600	158,957	0	PT
93.866		SUBK00011202	3600	78,460	0	PT
93.866		TD112-AELMORS2SIBCR	3600	42,775	0	PT
93.866		TD112AELMORS1SIBCRM	3600	48	0	PT
93.866		TD112ATD12SIBCR	3600	19,026	0	PT
93.866		TD120SC-TM21SIBCR	3600	4,169	0	PT
93.866		TD120SC-TM22SIBCR	3600	8,505	0	PT
93.866		TD120TD11SIBCR	3600	4,368	0	PT
93.866		TD120TD12SIBCR	3600	14,196	0	PT
93.866		TD122-HS2-1-SIBCR	3600	3,074	0	PT
93.866		TD122-TD1-1-SIBCR	3600	7,156	0	PT
93.866		UOW-263134/PO#67115775	3600	50,313	0	PT
93.866		VUMC68180 AM02	3600	262,874	0	PT
93.866		WFUHS 115048 AM05	3600	(612)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.866	Aging Research	WU-19-279 AM02	3600	5,000	0	PT
93.866		WU-20-42	3600	8,821	0	PT
93.866			3650	1,382,223	282,451	
93.866		765335874P	3650	103,812	0	PT
93.866		765361874P	3650	33,242	0	PT
93.866		FY16001015	3650	41,664	0	PT
93.866		UWSC10197 BPO #28166	3800	112,806	0	PT
Federal Program 93.866 Total				45,511,209	7,487,367	
93.867	Vision Research		3600	14,733,614	924,431	
93.867		123204958	3600	220,187	0	PT
93.867		62015716-136077	3600	563,891	0	PT
93.867		62066366-133041 AM01	3600	178,937	0	PT
93.867		N006342901 AM01	3600	69,601	0	PT
93.867		PO#6123363	3600	26,680	0	PT
93.867		PO#6152192 AM01	3600	22,672	0	PT
93.867		PROTOCOL #U SITE 47	3600	(17,516)	0	PT
93.867		UW636061	3600	7,302	0	PT
93.867		UW638258	3600	12,518	0	PT
93.867			3650	356,815	7,995	
93.867		1014154WSU	3650	125,435	0	PT
93.867		2003370134	3650	116,029	0	PT
Federal Program 93.867 Total				16,416,165	932,426	
93.879	Medical Library Assistance		3600	4,609,564	513,981	
93.879		0014601C	3600	32,060	0	PT
93.879		298692 AM05	3600	3,532	0	PT
93.879		E2048782	3600	15,171	0	PT
93.879		RNG003046-BUDG02-UW-	3600	11,619	0	PT
93.879		RNG003046BUDG03UW01	3600	89,319	0	PT
93.879			3650	33,339	0	
93.879			3800	43,669	0	
Federal Program 93.879 Total				4,838,273	513,981	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
National Institutes of Health Total				347,605,806	44,003,158	
93.933	Demonstration Projects for Indian Health	2018-219	3600	42,410	0	PT
93.933		2018-289 AM01	3600	23,250	0	PT
Federal Program 93.933 Total				65,660	0	
Indian Health Service Total				65,660	0	
93.941	HIV Demonstration, Research, Public and Profession		3600	845,272	132,077	
Federal Program 93.941 Total				845,272	132,077	
93.978	Sexually Transmitted Diseases (Std) Provider Educa		3600	147,056	0	
Federal Program 93.978 Total				147,056	0	
Centers for Disease Control and Prevention Total				992,328	132,077	
93.989	International Research and Research Training		3600	1,951,418	545,331	
93.989		001	3600	117,333	0	PT
93.989		002	3600	50,504	0	PT
93.989		A110910819CHS0502AM02	3600	9,192	0	PT
93.989		A110910819CHS0502AM3	3600	59,693	0	PT
93.989		A116705 AM03	3600	14	0	PT
93.989		A139245	3600	16,814	0	PT
93.989		UON-1R21TW011460-01	3600	6,957	0	PT
93.989		UON-UW	3600	5,069	0	PT
93.989		UON-UW	3600	45,857	0	PT
93.989		UON-UW5D43TW010141-0	3600	3,557	0	PT
93.989		UON-UW5D43TW010141-0	3600	36,131	0	PT
93.989		UON1R21TW01146001MO	3600	1,466	0	PT
93.989			3650	1,205	0	
Federal Program 93.989 Total				2,305,210	545,331	
National Institutes of Health Total				2,305,210	545,331	
93.RD	Department of Health and Human Services - Unknown		3600	14,432,063	2,735,559	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.RD	Department of Health and Human Services - Unknown	0000865655 AM03	3600	10,964	0	PT
93.RD		0000865655 AM04	3600	3,849	0	PT
93.RD		0000908589 AM03	3600	23,128	0	PT
93.RD		0000935635 AM03	3600	67,091	0	PT
93.RD		000500918-T015-004	3600	37,619	0	PT
93.RD		000500918T015003AM01	3600	30,941	0	PT
93.RD		000509388T004001AM02	3600	129,460	0	PT
93.RD		000509388T006001AM01	3600	12,630	0	PT
93.RD		000509388T011001AM01	3600	283,516	0	PT
93.RD		000518568-T002-002	3600	22,136	0	PT
93.RD		000521154-T004-001	3600	259,284	0	PT
93.RD		000524050T004011AM03	3600	6,009	0	PT
93.RD		000524050T006009AM03	3600	35,825	0	PT
93.RD		000527765T001001AM01	3600	323,716	0	PT
93.RD		00062660	3600	49,334	0	PT
93.RD		0215101S01	3600	51,986	0	PT
93.RD		10042359-02 AM04	3600	35,547	0	PT
93.RD		10042359-02 AM05	3600	126,972	0	PT
93.RD		1004354_UWA AM06	3600	619	0	PT
93.RD		1004354_UWA AM08	3600	243,153	0	PT
93.RD		1014432_UWA	3600	142,305	0	PT
93.RD		1015219_UWA	3600	9,869	0	PT
93.RD		1015223_UWA	3600	26,005	0	PT
93.RD		1016578_UWA	3600	53,810	0	PT
93.RD		109786.5110787	3600	76,131	0	PT
93.RD		112110011-7929049	3600	56,922	0	PT
93.RD		11867SUB AM01	3600	116,363	0	PT
93.RD		11868SUB AM01	3600	39,629	0	PT
93.RD		11869SUB AM02	3600	28,798	0	PT
93.RD		11870SUB AM02	3600	27,519	0	PT
93.RD		11871SUB AM02	3600	227,005	0	PT
93.RD		11872SUB AM02	3600	28,998	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.RD	Department of Health and Human Services - Unknown	11873SUB AM02	3600	34,230	0	PT
93.RD		12106SUB AM01	3600	19,372	0	PT
93.RD		12157SUB	3600	766,271	0	PT
93.RD		12158SUB	3600	46,894	0	PT
93.RD		12159SUB AM01	3600	28,645	0	PT
93.RD		12160SUB	3600	578,798	0	PT
93.RD		12161SUB	3600	75,672	0	PT
93.RD		12162SUB	3600	54,167	0	PT
93.RD		12163SUB	3600	107,753	0	PT
93.RD		12231SUB	3600	27,752	0	PT
93.RD		12232SUB	3600	156,761	0	PT
93.RD		12248SUB	3600	356,850	0	PT
93.RD		14011000070000MOD03	3600	66,259	0	PT
93.RD		14011000070000MOD03	3600	376,889	64,800	PT
93.RD		1600258C	3600	17,643	0	PT
93.RD		1600258C AM TO03	3600	41,752	0	PT
93.RD		1600258C AM TASKORDER	3600	3,767	0	PT
93.RD		1600258D AM TO03	3600	121,762	0	PT
93.RD		1600258D AM TO09	3600	15,346	0	PT
93.RD		1600258D TASK 2	3600	58,545	0	PT
93.RD		18X069 MOD05	3600	105,627	0	PT
93.RD		220778 MOD06	3600	13	0	PT
93.RD		3732 CHS AM01	3600	26,081	0	PT
93.RD		47508	3600	(15,623)	0	PT
93.RD		49860 MOD01	3600	44,466	0	PT
93.RD		50065 MOD01	3600	19,991	0	PT
93.RD		50238S05787	3600	40,003	0	PT
93.RD		5116778	3600	16,798	0	PT
93.RD		5116789	3600	17,606	0	PT
93.RD		66111250819-12	3600	6,164	0	PT
93.RD		66111350819-12	3600	776	0	PT
93.RD		686K836 AM04	3600	36,721	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.RD	Department of Health and Human Services - Unknown	686K862 AM03	3600	103,682	0	PT
93.RD		7271OPPORTUNITY1TO51	3600	306	0	PT
93.RD		75N94019C00006	3600	11,959	0	PT
93.RD		76887872 AM03	3600	1,283	0	PT
93.RD		811K731 AM01	3600	35,241	0	PT
93.RD		870500-UW	3600	33,834	0	PT
93.RD		A134573	3600	135,268	0	PT
93.RD		AM01	3600	3,544	0	PT
93.RD		AMENDMENT 3	3600	243,555	0	PT
93.RD		ANTHRAX 5	3600	2,333	0	PT
93.RD		CRBSSSS17005101MOD03	3600	1,493	0	PT
93.RD		CRS-SSS-S-18-005450	3600	19,117	0	PT
93.RD		CTP006-1	3600	2,333	0	PT
93.RD		HHSN272200800004CUWM	3600	1,569	0	PT
93.RD		K002342-00-S02	3600	33,507	0	PT
93.RD		MIDS-19F0003-T0014	3600	254	0	PT
93.RD		MOD03	3600	260,602	0	PT
93.RD		MOD04	3600	1,065,826	140,885	PT
93.RD		MW2018-06-21	3600	8,204	0	PT
93.RD		N/A	3600	2,729	0	PT
93.RD		P1090 PO#2002565212	3600	7,257	0	PT
93.RD		P9825 / P9881 AM03	3600	40,934	0	PT
93.RD		PO #2152280	3600	5,258	0	PT
93.RD		PO111110200201587699	3600	10,444	0	PT
93.RD		REQ2198PROJECT6223101	3600	10,103	0	PT
93.RD		RNG002833BUDG03SUBU	3600	15,506	0	PT
93.RD		RNG209676BUDG01UW00	3600	58,390	0	PT
93.RD		RNG21046-BUDG01-UW-0	3600	43,979	0	PT
93.RD		SHS-TA1001UW	3600	47,932	0	PT
93.RD		SP003377960044358UWAS	3600	12,983	0	PT
93.RD		SP003377960047201UWAS	3600	13,220	0	PT
93.RD		SUBCONTRACT NO.3	3600	178,497	93,721	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.RD	Department of Health and Human Services - Unknown	TO1PO2017135605MOD07	3600	(984)	0	PT
93.RD		TO1PO2017135608MOD07	3600	2,592	0	PT
93.RD		UW631106	3600	248	0	PT
93.RD		UW636710	3600	95,634	0	PT
93.RD		UW638536	3600	8,784	0	PT
93.RD		UW639250	3600	20,342	0	PT
93.RD		UW639583	3600	29,984	0	PT
93.RD		UW663993	3600	1,270	0	PT
93.RD		UW664477	3600	25,965	0	PT
93.RD		UWSUBCONTRACTNO3M	3600	408,806	71,188	PT
93.RD		VUMC 81589 AM001	3600	23,297	0	PT
Federal Program 93.RD Total				23,300,027	3,106,153	
HHS Contract Number Only Provided Total				23,300,027	3,106,153	
Dept of Health & Human Services Total				612,255,341	82,144,200	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Research and Development

Social Security Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
96.007	Social Security Research and Demonstration	40112S05299 AM03	3600	49,182	0	PT
Federal Program 96.007 Total				49,182	0	
Social Security Administration Total				49,182	0	
Social Security Administration Total				49,182	0	

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Research and Development

Dept of Homeland Security

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
97.RD	Homeland Security - Unknown CFDA Number		3600	359,015	80,992	
97.RD		505185-78052	3600	1,070	0	PT
97.RD		5269 EMS	3600	18,155	0	PT
97.RD		91804998 AM03	3600	(167)	0	PT
97.RD		91804998 AM04	3600	21,195	0	PT
97.RD		B7616026.00	3600	27,571	0	PT
Federal Program 97.RD Total				426,839	80,992	
Hs Contract Number Only Provided Total				426,839	80,992	
Dept of Homeland Security Total				426,839	80,992	

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Research and Development

U.S. Agency for International Development

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
98.RD	US Agency for International Development - Unknown	401UW MOD05	3600	12,191	0	PT
98.RD		ICF55615401658738CRTAM	3600	14,012	0	PT
98.RD		MTAPS-19-006 AM02	3600	38,146	0	PT
98.RD		MTAPS-19-014 AM02	3600	56,179	0	PT
98.RD		MTAPS-19-015 AM03	3600	11,993	0	PT
98.RD		SUB-599 MOD03	3600	22,110	0	PT
98.RD		RC102095BHEARDBANGL	3650	10,465	0	PT
98.RD		RC102095BHEARDKENYA	3650	16,664	0	PT
Federal Program 98.RD Total				181,760	0	
US Agency for International Development Total				181,760	0	
U.S. Agency for International Development Total				181,760	0	

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Research and Development

Undetermined Fed Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
99.RD	Federal Assistance - Miscellaneous - Unknown CFDA	1740060301MOD04PO1900	3600	102,088	0	PT
99.RD		D8919-S3	3600	10,933	0	PT
99.RD		Multiple	3600	80,888	13,778	
99.RD		UW639979	3600	96,087	0	PT
Federal Program 99.RD Total				289,996	13,778	
Unknown Fed Agy Contract Number Only Provided Total				289,996	13,778	
Undetermined Fed Agency Total				289,996	13,778	
Research and Development Total				995,109,875	108,323,905	

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Student Financial Assistance

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.007	Federal Supplemental Educational Opportunity Grant		3600	3,155,044	0	
84.007			3650	1,856,640	0	
84.007			3700	479,754	0	
84.007			3750	481,563	0	
84.007			3760	82,886	0	
84.007			6990	4,451,185	0	
Federal Program 84.007 Total				10,507,072	0	
84.033	Federal Work-Study Program		3600	2,026,871	0	
84.033	COVID-19 – Federal Work-Study Program		3600	1,450,899	0	
84.033	Federal Work-Study Program		3650	1,087,865	0	
84.033			3700	618,426	0	
84.033			3750	602,801	0	
84.033			3760	327,578	0	
84.033			3800	507,182	0	
84.033			6990	4,091,610	0	
Federal Program 84.033 Total				10,713,232	0	
84.038	Federal Perkins Loan Program		3600	(5,412,965)	0	OL
84.038			3600	33,297,534	0	OL
84.038			3650	15,168,291	0	OL
84.038			3700	(782,846)	0	OL
84.038			3700	3,778,792	0	OL
84.038			3750	(1,014,825)	0	OL
84.038			3750	2,958,853	0	OL
84.038			3760	(661,507)	0	OL
84.038			3760	2,784,620	0	OL
84.038			3800	(1,182,968)	0	OL
84.038			3800	7,212,569	0	OL
84.038			6990	(138,018)	0	OL
84.038			6990	890,488	0	OL
Federal Program 84.038 Total				56,898,018	0	
84.063	Federal Pell Grant Program		3600	51,774,765	0	

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Student Financial Assistance

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.063	Federal Pell Grant Program		3650	36,152,934	0	
84.063			3700	17,986,774	0	
84.063			3750	18,845,319	0	
84.063			3760	5,397,446	0	
84.063			3800	16,712,568	0	
84.063			6990	175,051,414	0	
Federal Program 84.063 Total				321,921,220	0	
84.268	Federal Direct Student Loans		3600	285,163,516	0	
84.268			3650	175,362,128	0	
84.268			3700	52,258,421	0	
84.268			3750	64,117,354	0	
84.268			3760	14,755,809	0	
84.268			3800	51,255,069	0	
84.268			6990	84,599,684	0	
Federal Program 84.268 Total				727,511,981	0	
84.379	Teacher Education Assistance for College and High		3600	78,921	0	
84.379			3650	464,581	0	
84.379			3750	36,070	0	
84.379			3760	23,769	0	
Federal Program 84.379 Total				603,341	0	
Dept of Education Total				1,128,154,864	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Student Financial Assistance

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.264	Nurse Faculty Loan Program		3600	855,920	0	OL
93.264			3600	(213,709)	0	OL
93.264			3650	1,841,621	0	OL
93.264			3650	425,607	0	OL
Federal Program 93.264 Total				2,909,439	0	
93.342	Health Professions Student Loans, Including Primary		3600	(441,881)	0	OL
93.342			3600	13,814,236	0	OL
93.342			3650	284,122	0	OL
93.342			3650	2,658,101	0	OL
Federal Program 93.342 Total				16,314,578	0	
93.364	Nursing Student Loans		3600	2,825,444	0	OL
93.364			3600	(114,175)	0	OL
93.364			3650	544,557	0	OL
93.364			3650	350,598	0	OL
Federal Program 93.364 Total				3,606,424	0	
93.925	Scholarships for Health Professions Students From		3650	(1,000)	0	
Federal Program 93.925 Total				(1,000)	0	
Dept of Health & Human Services Total				22,829,441	0	
Student Financial Assistance Total				1,150,984,305	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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SNAP

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.551	Supplemental Nutrition Assistance Program		3000	1,355,887,012	0	NC
10.551	COVID-19 - Supplemental Nutrition Assistance Program		3000	1,933,988	0	NC
Federal Program 10.551 Total				1,357,821,000	0	
10.561	State Administrative Matching Grants for the Suppl		3000	123,108,222	19,001,392	
10.561		116-BFET-19	6990	95,859	0	PT
Federal Program 10.561 Total				123,204,081	19,001,392	
Dept of Agriculture Total				1,481,025,081	19,001,392	
SNAP Total				1,481,025,081	19,001,392	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Food Distribution

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.565	Commodity Supplemental Food Program		3070	39,747	0	NC
10.565			4950	537,112	507,123	
Federal Program 10.565 Total				576,859	507,123	
10.568	Emergency Food Assistance Program (Administrative)		4950	2,895,374	2,531,037	
10.568	COVID-19 – Emergency Food Assistance Program (Administrative)		4950	1,382,838	1,382,838	
Federal Program 10.568 Total				4,278,212	3,913,875	
10.569	Emergency Food Assistance Program (Food Commodities)		4950	38,285,412	37,796,439	NC
Federal Program 10.569 Total				38,285,412	37,796,439	
Dept of Agriculture Total				43,140,483	42,217,437	
Food Distribution Total				43,140,483	42,217,437	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**State of Washington
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Child Nutrition

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.553	School Breakfast Program		3500	39,558,001	39,558,001	
10.553	COVID-19 – School Breakfast Program		3500	4,979,505	4,979,505	
Federal Program 10.553 Total				44,537,506	44,537,506	
10.555	National School Lunch Program		3500	130,292,322	130,292,322	
10.555			3500	32,520,811	32,520,811	NC
10.555	COVID-19 – National School Lunch Program		3500	13,370,499	13,370,499	
Federal Program 10.555 Total				176,183,632	176,183,632	
10.556	Special Milk Program for Children		3500	142,737	142,737	
10.556	COVID-19 – Special Milk Program for Children		3500	5,157	5,157	
Federal Program 10.556 Total				147,894	147,894	
10.559	Summer Food Service Program for Children		3500	5,391,486	5,111,230	
10.559	COVID-19 – Summer Food Service Program for Children		3500	89,452,057	89,452,057	
Federal Program 10.559 Total				94,843,543	94,563,287	
Dept of Agriculture Total				315,712,575	315,432,319	
Child Nutrition Total				315,712,575	315,432,319	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Fish and Wildlife

Dept of the Interior

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
15.605	Sport Fish Restoration		4770	7,103,063		0
Federal Program 15.605 Total				7,103,063		0
15.611	Wildlife Restoration and Basic Hunter Education		4770	13,752,606		0
Federal Program 15.611 Total				13,752,606		0
15.626	Enhanced Hunter Education and Safety Program		4770	240,042		0
Federal Program 15.626 Total				240,042		0
Dept of the Interior Total				21,095,711		0
Fish and Wildlife Total				21,095,711		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Employment Service

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.207	Employment Service/Wagner-Peyser Funded Activities		5400	13,055,391		0
Federal Program 17.207 Total				13,055,391		0
17.801	Jobs for Veterans State Grants		5400	2,940,677		0
Federal Program 17.801 Total				2,940,677		0
17.804	Local Veterans' Employment Representative Program		5400	1,211,647		0
Federal Program 17.804 Total				1,211,647		0
Dept of Labor Total				17,207,715		0
Employment Service Total				17,207,715		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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WIOA

Dept of Labor

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
17.258	WIOA Adult Program		5400	18,259,562	17,988,271	
17.258		964	6990	41,733	0	PT
17.258		no contract number	6990	7,731	0	PT
Federal Program 17.258 Total				18,309,026	17,988,271	
17.259	WIOA Youth Activities		5400	19,611,522	18,602,109	
17.259		19EDCCX393YOUTH	6990	23,705	0	PT
17.259		20EVCCX369YOUTH	6990	24,786	0	PT
Federal Program 17.259 Total				19,660,013	18,602,109	
17.278	WIOA Dislocated Worker Formula Grants		5400	26,720,118	24,967,960	
Federal Program 17.278 Total				26,720,118	24,967,960	
Dept of Labor Total				64,689,157	61,558,340	
WIOA Total				64,689,157	61,558,340	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Transit

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.500	Federal Transit Capital Investment Grants		4050	828,759		0
Federal Program 20.500 Total				828,759		0
20.507	Federal Transit Formula Grants		4050	70,611,386		0
Federal Program 20.507 Total				70,611,386		0
20.525	State of Good Repair Grants Program		4050	5,208,576		0
Federal Program 20.525 Total				5,208,576		0
20.526	Buses and Bus Facilities Formula, Competitive, and		4050	7,105,366	7,105,366	
Federal Program 20.526 Total				7,105,366	7,105,366	
Dept of Transportation Total				83,754,087	7,105,366	
Federal Transit Total				83,754,087	7,105,366	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Highway Safety

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.600	State and Community Highway Safety		2280	5,017,211	3,066,178	
20.600		n/a	3750	799	0	PT
20.600		WDFW 20-15059	4770	2,800	0	PT
Federal Program 20.600 Total				5,020,810	3,066,178	
20.616	National Priority Safety Programs		2280	5,372,460	5,372,460	
Federal Program 20.616 Total				5,372,460	5,372,460	
Dept of Transportation Total				10,393,270	8,438,638	
Highway Safety Total				10,393,270	8,438,638	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Special Education (IDEA)

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.027	Special Education Grants to States		3500	227,704,887	224,411,124	
84.027		1211800007	3750	25,897	0	PT
84.027		0327413	3760	286,105	0	PT
Federal Program 84.027 Total				228,016,889	224,411,124	
84.173	Special Education Preschool Grants		3500	8,328,878	7,563,263	
84.173		1211800008	3750	3,405	0	PT
Federal Program 84.173 Total				8,332,283	7,563,263	
Dept of Education Total				236,349,172	231,974,387	
Special Education (IDEA) Total				236,349,172	231,974,387	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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TRIO

Dept of Education

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
84.042	TRIO Student Support Services		3600	729,025	0	
84.042			3650	815,268	0	
84.042			3750	263,416	0	
84.042			3760	308,846	0	
84.042			6990	7,243,128	0	
Federal Program 84.042 Total				9,359,683	0	
84.044	TRIO Talent Search		3600	360,160	0	
84.044			6990	1,063,114	0	
Federal Program 84.044 Total				1,423,274	0	
84.047	TRIO Upward Bound		3600	1,352,752	0	
84.047			3650	2,319,711	0	
84.047			3760	1,635,337	0	
84.047			6990	3,159,191	0	
Federal Program 84.047 Total				8,466,991	0	
84.066	TRIO Educational Opportunity Centers		3750	288,154	0	
84.066			6990	234,093	0	
Federal Program 84.066 Total				522,247	0	
84.217	TRIO MacNair Post-Baccalaureate Achievement		3600	238,468	0	
84.217			3650	275,177	0	
84.217			3700	270,164	0	
84.217			3750	231,511	0	
Federal Program 84.217 Total				1,015,320	0	
Dept of Education Total				20,787,515	0	
TRIO Total				20,787,515	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Aging

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.044	Special Programs for the Aging Title III, Part B G		3000	9,722,459	9,396,881	
93.044	COVID-19 – Special Programs for the Aging Title III, Part B G		3000	970,349	0	
Federal Program 93.044 Total				10,692,808	9,396,881	
93.045	Special Programs for the Aging Title III, Part C N		3000	13,042,360	12,455,230	
93.045	COVID-19 – Special Programs for the Aging Title III, Part C N		3000	4,361,027	4,361,027	
Federal Program 93.045 Total				17,403,387	16,816,257	
93.053	Nutrition Services Incentive Program		3000	2,046,120	2,046,120	
Federal Program 93.053 Total				2,046,120	2,046,120	
Dept of Health & Human Services Total				30,142,315	28,259,258	
Aging Total				30,142,315	28,259,258	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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CCDF

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.575	Child Care and Development Block Grant		3000	108,142,059	0	
93.575			3070	96,201,752	16,756,236	
Federal Program 93.575 Total				204,343,811	16,756,236	
93.596	Child Care Mandatory and Matching Funds of the Chi		3070	39,681,904	0	
93.596	COVID-19 – Child Care Mandatory and Matching Funds of the Chi		3070	1,071,888	0	
Federal Program 93.596 Total				40,753,792	0	
Dept of Health & Human Services Total				245,097,603	16,756,236	
CCDF Total				245,097,603	16,756,236	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Medicaid

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.775	State Medicaid Fraud Control Units		1000	6,194,810		0
Federal Program 93.775 Total				6,194,810		0
93.777	State Survey and Certification of Health Care Prov		3000	16,873,720		0
93.777	COVID-19 – State Survey and Certification of Health Care Prov		3000	226,887		0
93.777	State Survey and Certification of Health Care Prov		3030	2,268,435		0
Federal Program 93.777 Total				19,369,042		0
93.778	Medical Assistance Program		1050	291,867		0
93.778	Medical Assistance Program		1070	5,301,898,421	14,161,442	
93.778	COVID-19 – Medical Assistance Program		1070	1,500,508,980		0
93.778	Medical Assistance Program		3000	2,542,081,957	46,365,293	
93.778	COVID-19 – Medical Assistance Program		3000	127,288,120		0
93.778	Medical Assistance Program		3070	17,828,820		0
93.778	COVID-19 – Medical Assistance Program		3070	11,881,310		0
Federal Program 93.778 Total				9,501,779,475	60,526,735	
Dept of Health & Human Services Total				9,527,343,327	60,526,735	
Medicaid Total				9,527,343,327	60,526,735	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Forest Service Schools and Roads

Dept of Agriculture

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
10.665	Schools and Roads - Grants to States		0050	13,988,660		0
Federal Program 10.665 Total				13,988,660		0
Dept of Agriculture Total				13,988,660		0
Forest Service Schools and Roads Total				13,988,660		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Disability Insurance/SSI

Social Security Administration

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
96.001	Social Security Disability Insurance		3000	53,586,401		0
Federal Program 96.001 Total				53,586,401		0
Social Security Administration Total				53,586,401		0
Disability Insurance/SSI Total				53,586,401		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Highway Planning and Construction

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.205	Highway Planning and Construction		0100	99,804,250	0	
20.205		19437WSU	3650	29,759	0	PT
20.205		374-2941-001	3700	5,467	0	PT
20.205			4050	558,749,826	200,092,458	
Federal Program 20.205 Total				658,589,302	200,092,458	
20.219	Recreational Trails Program		4670	2,051,293	1,639,923	
Federal Program 20.219 Total				2,051,293	1,639,923	
20.224	Federal Lands Access Program		3700	46,649	0	
20.224			4050	797,112	0	
Federal Program 20.224 Total				843,761	0	
Dept of Transportation Total				661,484,356	201,732,381	
Highway Planning and Construction Total				661,484,356	201,732,381	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Transit Services Programs

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.513	Enhanced Mobility of Seniors and Individuals With		4050	4,032,778	3,764,643	
Federal Program 20.513 Total				4,032,778	3,764,643	
Dept of Transportation Total				4,032,778	3,764,643	
Transit Services Programs Total				4,032,778	3,764,643	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Head Start

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.600	Head Start		3070	163,464	0	
93.600		2018090433	3600	106,278	0	PT
93.600		2018090434	3600	63,122	0	PT
93.600		2018090434 AM02	3600	231,125	0	PT
93.600		20190100018	3600	230,831	0	PT
93.600		2019100011	3600	317,708	0	PT
93.600		2019100012 A01	3600	897,798	0	PT
93.600			3700	2,001,574	0	
93.600			6990	35,312,551	0	
93.600		09854	6990	1,352,675	0	PT
93.600		10723	6990	19,292	0	PT
93.600		1550	6990	189,450	0	PT
93.600		Early Headstart	6990	99,397	0	PT
93.600		Headstart	6990	118,096	0	PT
93.600		no contract # given	6990	495,453	0	PT
Federal Program 93.600 Total				41,598,814	0	
Dept of Health & Human Services Total				41,598,814	0	
Head Start Total				41,598,814	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Health Center Program

Dept of Health & Human Services

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
93.527	Grants for New and Expanded Services Under the 3965 CHS Hea		3600	76,413	16,590	PT
93.527		5124 CHS	3600	54,100	0	PT
Federal Program 93.527 Total				130,513	16,590	
Dept of Health & Human Services Total				130,513	16,590	
Health Center Program Total				130,513	16,590	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Clean Water State Revolving Fund

Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.458	Capitalization Grants for Clean Water State Revolv		4610	16,489,140	16,489,140	
Federal Program 66.458 Total				16,489,140	16,489,140	
Environmental Protection Agency Total				16,489,140	16,489,140	
Clean Water State Revolving Fund Total				16,489,140	16,489,140	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Drinking Water State Revolving Fund

Environmental Protection Agency

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
66.468	Capitalization Grants for Drinking Water State Rev		3030	21,836,210	15,529,587	
Federal Program 66.468 Total				21,836,210	15,529,587	
Environmental Protection Agency Total				21,836,210	15,529,587	
Drinking Water State Revolving Fund Total				21,836,210	15,529,587	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Federal Motor Carrier Safety Assistance

Dept of Transportation

Federal Catalog No.	Federal Program Title	Award/Contract Control Number	State Agency No.	Expenditure Amount	Expend Amts Passed Through to Subrecipients	See Note E
20.218	Motor Carrier Safety Assistance		2250	6,226,720	72,906	
Federal Program 20.218 Total				6,226,720	72,906	
20.237	Motor Carrier Safety Assistance High Priority Acti		2250	55,980	0	
20.237			4050	64,314	0	
Federal Program 20.237 Total				120,294	0	
Dept of Transportation Total				6,347,014	72,906	
Federal Motor Carrier Safety Assistance Total				6,347,014	72,906	

Total Federal Assistance	25,926,145,740	2,371,284,235

Footnotes:

NC - Expenditure amount noncash in nature

PT - Expenditure, Pass-through in nature (federal funds received through another nonfederal entity).

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington
Notes to the Schedule of Expenditures of Federal Awards

*For the Fiscal Year Ended
June 30, 2020*

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State of Washington
Schedule of Expenditures of Federal Awards
Notes A – E

*For the Fiscal Year Ended
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(Expressed in Whole Dollars)*

Note A: **Purpose of the Schedule**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the state's financial statements and is presented for purposes of additional analysis. The Schedule is required by the Office of Management and Budget (OMB) Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards .

Note B: **Significant Accounting Policies**

Note B1: **Basis of Presentation** - The information in the Schedule is presented in accordance with the OMB Uniform Guidance.

- Federal Financial Assistance - Pursuant to the Single Audit Act of 1984 (Public Law 98-502); the Single Audit Act Amendments of 1996 (Public Law 104-156); and OMB Uniform Guidance federal financial assistance, hereafter referred to as federal assistance, is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Accordingly, non-monetary or non-cash federal assistance, including electronic benefit cards, food commodities, immunization supplies and surplus property, is federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals or solicited contracts between the state and federal agencies for which the state provides tangible goods or services, acting as a vendor.
- Catalog of Federal Domestic Assistance (CFDA) - OMB Uniform Guidance requires the Schedule to show total expenditures expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs, the Schedule also provides the total for the cluster.

Each program included in the CFDA is assigned a five-digit program identification number (CFDA number), the first two digits designating federal agency and the last three digits designating federal assistance program within the federal agency. The CFDA number is reflected in the Schedule.

The 2020 Compliance Supplement Appendix VII directs nonfederal entities to identify and report COVID-19 related expenditures for both new and existing programs. The Schedule presents this information on a separate line by the CFDA number with "COVID-19" as a prefix to the program name.

For federal assistance programs and awards that have no assigned CFDA numbers, federal awards to non-Federal entities from the same agency made for the same purpose are combined and considered as one program. If the CFDA three-digit extension is unknown, it shall be assigned a "U" followed by a two-digit number (e.g., U01, U02, etc.). If the Federal program is part of the Research and Development (R&D) cluster and the CFDA extension is unknown, "RD" shall be used as the CFDA extension.

State of Washington
Schedule of Expenditures of Federal Awards
Notes A – E

*For the Fiscal Year Ended
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- Cluster of Programs - Closely related programs with different CFDA numbers that share common compliance requirements are to be considered a cluster of programs. The Schedule is structured to present the federal assistance information by cluster with the title of the cluster appearing in the heading. Programs not included within a designated cluster are presented under the title Programs Not Clustered. The only program clusters presented on the Schedule are those mandated by OMB in the most recent Compliance Supplement (August 2020). No expenditures of federal awards were recorded in the following mandated clusters in the report year:

Section 8 Project-Based
Foster Grandparent/Senior Companion
Economic Development
Foreign Food Aid Donation
CDBG – Entitlement Grants
Housing Voucher -39
Community Facilities Loans and Grants
HOPE VI
Hurricane Sandy Relief
CDBG – Disaster Recovery Grants – Pub L. No. 113-2

Note B2: Reporting Entity - The state reporting entity is fully described in Note 1A to the state's financial statements. The Schedule includes the activity of all federal assistance programs administered by the state during fiscal year ending June 30, 2020. All component units are excluded from the schedule and are subject to separate audits in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Note B3: Basis of Accounting - Federal assistance programs included in the Schedule are reported in the state's financial statements as federal grants-in-aid in the General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds and as other revenue in proprietary and fiduciary funds. The Schedule is presented using the same basis of accounting as that used in reporting the expenditures of the related funds in the state's fund financial statements. The basis of accounting used for each fund type is described in Note 1C to the state's financial statements.

- Indirect Costs - The Schedule includes a portion of costs associated with general activities which is allocated to federal assistance programs under negotiated formulas commonly referred to as indirect cost rates and federally approved cost allocation plans. The Schedule also includes the indirect costs of agencies that have elected to use the 10% de minimis rate in accordance with the Uniform Guidance. Reimbursement of state central service costs, achieved via the federally approved Statewide Central Services Cost Allocation Plan, is not reflected on the Schedule. A total of \$1,158,921 was recovered for state central service costs during fiscal year ending June 30, 2020.
- Matching Costs - The Schedule does not include matching expenditures with the exception specified in Note C to the Schedule.

State of Washington
Schedule of Expenditures of Federal Awards
Notes A – E

*For the Fiscal Year Ended
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- Non-monetary Assistance - Non-monetary assistance programs included on the Schedule are identified with a non-cash expenditure (NC) including:
 1. The **Supplemental Nutrition Assistance Program (SNAP)** is administered through Electronic Benefit (EBT) cards that provide each eligible client with an authorized limit of service (purchase of specific food products). The dollar expenditure reported for the SNAP consists of actual disbursements for client purchases of authorized food products via the EBT card program.
 2. The **Temporary Emergency Food Assistance and National School Lunch** programs are presented at the federally assigned value of product disbursed by the state.
 3. The **Surplus Property** program is presented at the fair market value of the property distributed. The fair market value was estimated to be 22.47% of the property's original acquisition value.
 4. The **Immunization Vaccine** programs are presented at the federally assigned value of product disbursed by the state.
- Pass-Through Federal Assistance (state as subrecipient included on the Schedule) - The majority of the state's federal assistance is received directly from federal awarding agencies (i.e., the state is the primary recipient). However, state agencies receive some federal assistance that is passed through a separate entity prior to receipt by the state (i.e., the state is a subrecipient). Although this type of assistance is included on the Schedule as "Pass-Through" (PT), it is not reported as federal revenue on the state's basic financial statements because it was not awarded directly from the federal government to the state. Additional detail related to this type of pass through assistance is provided in Note F to the Schedule.
- Pass-Through Federal Assistance (state as subrecipient not included on the Schedule) – The state is a direct recipient of U.S. Department of Labor Workforce Investment Act (WIA) funds. These funds are reported on the Schedule. A large portion of these funds are passed through to non-state entities that, in certain instances, subaward the same funds back to the state. The dollar amount of these subawards, while included in the scope of the Single Audit, are not reported by the state on the Schedule since they are already part of the amount reported as direct assistance. Additional detail related to this type of pass through assistance is provided in Note G to the Schedule.
- Federal transactions between state agencies - Some state agencies subaward federal assistance to other state agencies (i.e., a pass-through of funds by the primary recipient organization to a subrecipient state organization). In these situations, the federal revenue and expenditures are only reported once within the same fund in the state's financial statements in accordance with generally accepted accounting principles (GAAP) and reported once on the Schedule. This method avoids duplication and the overstatement of the aggregate level of federal assistance expended by the state. However, purchases of services between state organizations using federal monies are reported in the financial statements as expenditures or expenses by the purchasing organization and as revenues for services rendered by the providing organization.

State of Washington
Schedule of Expenditures of Federal Awards
Notes A – E

*For the Fiscal Year Ended
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Note B4: Presentation Comments

- Private company rebate activity is not included on the Schedule. Due to the significance of the resources provided by this rebate activity, the following amounts are disclosed for fiscal year ending June 30, 2020:

10.557 - Special Supplemental Nutrition Program for WIC..... \$31,687,442
(Infant formula rebates provided by private companies)

93.917 – HIV Care..... \$21,548
(Immunization rebates provided by private pharmaceutical companies)

- Expenditures for the federal share of bond repayment are not included on the Schedule. Due to the significance of the federal participation, the following amount is disclosed for the fiscal year ending June 30, 2020:

20.205 Debt service costs for Referendum 49 bonds..... \$3,071,236

- State agency numbers used in the Schedule can be referenced, either by number (listed numerically) or name of the agency (listed alphabetically), in the Appendix.

State of Washington
Schedule of Expenditures of Federal Awards
Notes A – E

*For the Fiscal Year Ended
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Note C: **Unemployment Insurance (U.I.) Program, Employer (State) Financial Participation**

As required by U.S. Department of Labor letter dated December 24, 1997, the expenditures reported on the Schedule for Unemployment Insurance, CFDA Program No. 17.225, for fiscal year ending June 30, 2020 include:

State of Washington/Employer Funded.....	\$ 2,843,866,883
Federal Funds: non-COVID.....	153,146,995
COVID funding.....	4,686,870,848
Total	<u>\$ 7,683,884,726</u>

Note D: **Non-monetary Assistance Inventory**

As described previously in Note B3, non-monetary assistance is reported in the Schedule. As of June 30, 2020, the state held the following inventories of non-monetary assistance:

Food Commodities (10.565 and 10.569).....	\$ 3,516,982

Note E: **Other Footnote Designations**

The following footnote codes are utilized in the Schedule (far right column):

NC - Non-cash expenditures.

PT - Pass Through (expenditures of federal assistance received from a nonfederal entity).

OL – The balance of loans from previous years, for which the federal government imposes continuing compliance requirements.

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State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

*For the Fiscal Year Ended
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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.001	3650	COTTON INCORPORATED	WSU003470	183,737
10.025	3600	BOYCE THOMPSON INST FOR PLANT RSCH	19-03	865
10.025	3650	WA STATE RECREAT & CON	182432	24,008
10.170	3650	VIVA FARMS	ORSO131825001	4,680
10.200	3650	COLORADO STATE UNIV	WSU004075	1,370
10.200	3650	MI ST UNIV	RC110588WSU	7,252
10.200	3650	UNIVERSITY OF CALIF	A180916S003	687
10.200	3650	UNIVERSITY OF CALIF	A180916S004	17,711
10.200	3650	UNIVERSITY OF CALIF	A180916S066	27,357
10.200	3650	UNIVERSITY OF CALIF	A180916S074	75,070
10.200	3650	UNIVERSITY OF CALIF	A180916S076	18,401
10.200	3650	UNIVERSITY OF CALIF	A180916S077	3,353
10.200	3650	UNIVERSITY OF CALIF	A180916S082	8,811
10.200	3650	UNIVERSITY OF CALIF	A201347A010	1,197
10.200	3650	UNIVERSITY OF CALIF	A201347S003	5,407
10.200	3650	UNIVERSITY OF CALIF	A201347S005	5,255
10.200	3650	UNIVERSITY OF CALIF	A201347S029	1,679
10.200	3650	UNIVERSITY OF IDAHO	BJKP36SB003	1,122
10.215	3650	MONTANA STATE UNIV	G13020W7504	11,131
10.215	3650	MONTANA STATE UNIV	G13220W7504	14,214
10.215	3650	MONTANA STATE UNIV	G13520W7507	1,266
10.215	3650	MONTANA STATE UNIV	G16219W7506	15,536
10.215	3650	MONTANA STATE UNIV	G16920W7507	4,328
10.215	3650	MONTANA STATE UNIV	G23620W7504	11,811
10.215	3650	MONTANA STATE UNIV	G26219W7502	12,286
10.215	3650	UTAH STATE UNIVERSITY	130676002240	-11
10.215	3650	UTAH STATE UNIVERSITY	15089300001266	-13
10.215	3650	UTAH STATE UNIVERSITY	150893169	14,505

State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

*For the Fiscal Year Ended
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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.215	3650	UTAH STATE UNIVERSITY	20059200001316	-133
10.215	3650	UTAH STATE UNIVERSITY	200592380	-7
10.215	3650	UTAH STATE UNIVERSITY	200592444	6,463
10.215	3650	UTAH STATE UNIVERSITY	201207511	9,597
10.215	3650	UTAH STATE UNIVERSITY	201207548	60,773
10.215	3650	UTAH STATE UNIVERSITY	201207564	47,387
10.215	3650	UTAH STATE UNIVERSITY	201207568	6,031
10.227	3800	Northwest Indian College	NWIC-SA28759-WWU	6,929
10.303	3650	OREGON STATE UNIV	C0550AA	4,888
10.304	3650	UNIV OF CA-DAVIS FED	20160379404	57,549
10.307	3650	MONTANA STATE UNIV	G19419W7408	117,823
10.307	3650	OR ST UNIV FED	C0519AA	51,536
10.307	3650	ORGANIC FRMNG RES FNDN	WSU004151	23,393
10.307	3650	UTAH STATE UNIVERSITY	14082302	408
10.307	3650	UTAH STATE UNIVERSITY	202524666	6,662
10.308	3650	UNIVERSITY OF GEORGIA	SUB00000421	-30
10.309	3650	CORNELL UNIV	7399910422	32,046
10.309	3650	CORNELL UNIVERSITY	7399910422	574
10.309	3650	CORNELL UNIVERSITY	7961110753	251,591
10.309	3650	CORNELL UNIVERSITY	8198010924	86,918
10.309	3650	MI ST UNIV	RC104285L	231,052
10.309	3650	MI ST UNIV	RC106347WSU	124,055
10.309	3650	MONTANA STATE UNIV	G18219W7553	256,517
10.309	3650	N CAROLINA STATE UNIV	2016149806	102,612
10.309	3650	N CAROLINA STATE UNIV	2017039813	89,973
10.309	3650	PENN STATE UNIVERSITY	S000224-NIFA	73
10.309	3650	PENN STATE UNIVERSITY	S000224NIFA	26,014
10.309	3650	UNIV OF MINNESOTA	H007082509	28,869

State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.309	3650	UNIVERSITY OF ARKANSAS	9144702	89,195
10.309	3650	UNIVERSITY OF CALIF	20140375704	15,973
10.309	3650	UNIVERSITY OF FLORIDA	UFDSP00010606	6,910
10.309	3650	UNIVERSITY OF FLORIDA	UFDSP00012310	54,417
10.309	3650	UNIVERSITY OF TN	8500042730	63,020
10.310	3600	WESTERN UNIVERSITY OF HEALTH SCIENCES	20142DRESCHLERNIFAAM01	239,779
10.310	3650	BAYLOR COLL MEDICINE	102117659	246,738
10.310	3650	BOISE ST UNIV FED FLOW	8605PO137170	2,937
10.310	3650	FLORIDA A&M UNIVERSITY	C4996	129,257
10.310	3650	MI ST UNIV	RC104967WSU	207,906
10.310	3650	N CAROLINA STATE UNIV	2018031801	2,802
10.310	3650	UNIV OF ORTH TEXAS	GF105031	20,743
10.310	3650	UNIV OF IL FED FLOW	07594515343	23,304
10.310	3650	UNIV OF IL FED FLOW	09486017405	38,451
10.310	3650	UNIV OF IL FED FLOW	09974217884	1,014
10.310	3650	UNIVERSITY OF CALIF	20160356617	139,576
10.310	3650	UNIVERSITY OF CALIF	A181616S001	75,967
10.310	3650	UNIVERSITY OF FLORIDA	UFDSP00011803	73,503
10.310	3650	UNIVERSITY OF IDAHO	BGK418SB001	13,096
10.310	3650	UNIVERSITY OF IDAHO	BJKP55SB002	-6
10.310	3650	UNIVERSITY OF IDAHO	BJKQ80SB001	560,625
10.310	3650	UNIVERSITY OF MARYLAND	58864Z5057201	85,033
10.310	3650	UNIVERSITY OF MN	H005365302	1,958
10.310	3650	UNIVERSITY OF VERMONT	29034SUB51754	25,254
10.310	3650	UNIVERSITY OF VERMONT	30122SUBWSU	8,309
10.310	3760	Vermont Univ.	30122 SUB52346	9,852
10.311	3650	VIVA FARMS	ORSO130291	2,740
10.328	3650	UNIVERSITY OF IDAHO	BLK246SB003	10,430

State of Washington
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Note F: Supplemental Information for Pass-Through Funds

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
10.328	3650	UNIVERSITY OF TN	9500073538	5,045
10.331	3650	VIVA FARMS	127670002	25,281
10.351	3600	CENTER FOR INCLUSIVE ENTREPRENEURSHIP	UW635644	-6
10.351	6990	DSHS	56-32-525954174	46,682
10.351	6990	USDA	R094145 58913	5,514
10.443	3650	VIVA FARMS	134303	25,654
10.460	3650	VIVA FARMS	134767	30,208
10.460	3650	VIVA FARMS	ORSO132302	-103
10.500	3650	KANSAS STATE UNIV	A000983S067	7,579
10.500	3650	KANSAS STATE UNIV	S18094	-731
10.500	3650	KANSAS STATE UNIV	S19120	15,575
10.500	3650	KANSAS STATE UNIV	S19155	14,117
10.500	3650	PENN STATE UNIVERSITY	5968WSUUM3501	3,181
10.500	3650	PURDUE UNIV	F9000067402012	20,443
10.500	3650	TEXAS A&M UNIVERSITY	M1800199	673
10.561	6990	SBCTC BFET 50%	116-BFET-19	95,859
10.604	3650	ALASKA DEPT OF NAT RES	TASC201809	47,648
10.604	3650	UNIVERSITY OF CALIF	A193112S004	11,893
10.604	3650	WA APPLE COMMISSION	WAC141520	2,519
10.604	3650	WA RED RASPBERRY COMM	ORSO130051	3,358
10.674	3650	WILSON ENGINEERING SVC	0100	21,734
10.680	3650	WA ST TREE FRUIT ASSOC	1101	6,341
10.680	3800	Cornell University	87313-11118	2,138
10.684	3600	WORLD WILDLIFE FUND	HV72 AM01	18,238
10.912	3650	WHATCOM COUNTY CONSERV	132276001	9,665
10.U01	3650	MONTANA STATE UNIV	G10920W7504	32,694
10.U02	3650	OR ST UNIV FED	R0783AA	78,777
10.U09	3700	KOMAN Holdings LLC	UWPP-07	56

State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.011	3600	FLORIDA INTERNATIONAL UNIVERSITY	800009482-01UG	16,071
11.011	3600	OPTO-KNOWLEDGE SYSTEMS INC	18120501	15,451
11.011	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	24185600	23,336
11.012	3600	ALASKA OCEAN OBSERVING SYSTEM	H2400-63 AM06	43,931
11.012	3600	UNIVERSITY OF ALASKA FAIRBANKS	UAF 15-0085 AM04	19,954
11.012	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	A19-0200-S001-P0693599	6,543
11.012	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	A190200S001P0693599AM0	38,654
11.020	3600	CLEANTECH ALLIANCE	UW661740	2,701
11.303	3700	NCWEDD	ED17SEA3020076	-1,812
11.407	4770	Pacific Salmon Commission	SF-2018-VHP-14A	34,093
11.407	4770	Pacific Salmon Commission	SF-2019-I-8	28,615
11.407	4770	Pacific Salmon Commission	SF-2019-SP-11	27,861
11.407	4770	Pacific Salmon Commission	SF-2019-SP-33	68,349
11.407	4770	Pacific Salmon Commission	SF-2019-SP-3A	96,899
11.407	4770	Pacific Salmon Commission	WDFW 19-13345	317,392
11.407	4770	Pacific States Marine Fisheries Commission	20-37G	16,208
11.407	4770	Pacific States Marine Fisheries Commission	20-38G	11,350
11.407	4770	Pacific States Marine Fisheries Commission	20-81G	24,843
11.407	4770	Pacific States Marine Fisheries Commission	PSMFC #19-68G	65,813
11.407	4770	Pacific States Marine Fisheries Commission	PSMFC# 19-52G	29,629
11.407	4770	Pacific States Marine Fisheries Commission	PSMFC# 20-126G	3,305
11.407	4770	Pacific States Marine Fisheries Commission	PSMFC# 20-76G	100,740
11.417	3600	UNIVERSITY OF CONNECTICUT	364379 AM01	35,980
11.417	3600	UNIVERSITY OF HAWAII	MA1310 AM02	23,391
11.417	3800	University of Washington	UWSC10408 / BPO30555	22,121
11.417	3800	University of Washington	UWSC11837 / BPO47884	6,846
11.417	6990	University of WA	0648-0362	22,821
11.431	3600	OREGON STATE UNIVERSITY	NA291A-B AM05	83,205

State of Washington
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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.432	3600	MONTEREY BAY AQUARIUM RESEARCH INSTITUTE	3004716165 PO#1910552	21,750
11.432	3600	UNIVERSITY OF OKLAHOMA	2019-20	1,543
11.432	3800	Pacific Shellfish Institute	NA17NMF4270221	7,639
11.437	3600	PACIFIC ST MARINE FISHERIES COMMISSION	16-104G AM01	10,559
11.437	3600	PACIFIC ST MARINE FISHERIES COMMISSION	17-04G AM02	-1,786
11.437	3600	PACIFIC ST MARINE FISHERIES COMMISSION	20-27G AM01	175,484
11.437	3600	PACIFIC ST MARINE FISHERIES COMMISSION	20-59G AM01	72,878
11.437	4770	Pacific States Marine Fisheries Commission	20-43G	73,546
11.437	4770	Pacific States Marine Fisheries Commission	PSMFC #20-13G	19,446
11.437	4770	Pacific States Marine Fisheries Commission	PSMFC #20-55G	635,210
11.437	4770	Pacific States Marine Fisheries Commission	PSMFC# 19-23G	201,054
11.437	4770	Pacific States Marine Fisheries Commission	PSMFC# 19-50G	21,178
11.438	3600	BERING SEA FISHERMEN'S ASSOCIATION	1707A REV01	143,974
11.438	3600	BERING SEA FISHERMEN'S ASSOCIATION	AC-1704A REV02	-4,877
11.439	4770	Pacific States Marine Fisheries Commission	20-60G	102,401
11.439	4770	Pacific States Marine Fisheries Commission	PSMFC #19-59G	19,008
11.441	4770	North Pacific Fishery Management Council	LIA 2019-03	2,595
11.441	4770	Pacific Fishery Management Council	06-19	140,865
11.463	4770	The Nature Conservancy	WA-S-161130-012	90,401
11.472	3600	*NORTH PACIFIC RESEARCH BOARD	1615	31,033
11.472	3600	ALASKA DEPARTMENT OF FISH AND GAME	COOP 18-082 AM03	141,650
11.472	3600	ALASKA DEPARTMENT OF FISH AND GAME	CT 180000354	60,028
11.472	3600	ALASKA OCEAN OBSERVING SYSTEM	A94-00B AM01	60,064
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1609 AM01	679
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1705 AM01	72,434
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1722 AM01	54,433
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1722-90 AM01	10,629

State of Washington
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Note F: Supplemental Information for Pass-Through Funds

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1724 AM01	8,209
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1805 AM01	52,454
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1806-03 AM01	17,572
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1808	18,227
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1809 AM01	159,085
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1810	11,041
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1813-01	13,611
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1819	58,259
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1901	16,440
11.472	3600	NORTH PACIFIC RESEARCH BOARD	A92-02B AM01	222,640
11.472	3600	NORTH PACIFIC RESEARCH BOARD	A93-02B AM01	61,580
11.472	3600	NORTH PACIFIC RESEARCH BOARD	A93-02C	37,773
11.472	3600	NORTH PACIFIC RESEARCH BOARD	L36-01A	14,713
11.472	3600	PACIFIC ST MARINE FISHERIES COMMISION	20-04G-1	42,774
11.472	3600	PRINCE WILLIAM SOUND SCIENCE CENTER	17-75-08 AM03	227,930
11.472	3800	North Pacific Research Board	1701	37,377
11.472	3800	North Pacific Research Board	L37-02A / F7437-02	41,304
11.472	4770	National Fish & Wildlife Foundation	0303.17.058776	181,654
11.472	4770	Oregon State University	J2391A-C	2,151
11.473	4770	National Fish & Wildlife Foundation	Grant ID 0318.18.06258	649,566
11.478	3600	SITKA TRIBE OF ALASKA	UW664469	2,764
11.609	3600	GEORGE WASHINGTON UNIVERSITY	18-S08 AM01	2,589
11.619	3600	COLORADO STATE UNIVERSITY	G-00745-1 AM05	65,354
11.U01	3650	SY0PTIC DATA CORP	S20170118	90,001
11.U02	4610	Nrthwest Straits Foundation	2018-25-NWSC	17,786
12.300	3600	*TEXAS A&M UNIVERSITY	28-M1702181 AM05	45,861
12.300	3600	BOSTON UNIVERSITY	4500002947N00014181206	167,269
12.300	3600	CARNEGIE MELLON UNIVERSITY	1140209-405780 AM01	229,696

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12.300	3600	CORNELL UNIVERSITY ITHACA	78559-10699 AM04	376,805
12.300	3600	CORNELL UNIVERSITY ITHACA	7855910699N00014161261	50,523
12.300	3600	GEORGE MASON UNIVERSITY	E2045223 AM02	434,499
12.300	3600	NEW YORK UNIVERSITY	F1168-03 AM01	104,668
12.300	3600	UNIVERSITY OF CALIFORNIA BERKELEY	00009483 AM03	109,126
12.300	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	123179032/ PO#S9002435	87,160
12.300	3600	UNIVERSITY OF PENNSYLVANIA	572339	259,554
12.300	3600	UNIVERSITY OF ROCHESTER	417318URFAOGR510770AM0	46,238
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	13294800 AM03	63,078
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101380 AM01	-1
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101454/13260300 AM01	312,273
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A1014551323480001AM1	92,023
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101462 AM01	128,653
12.300	3650	PRINCETON UNIV	SUB0000233	160,894
12.300	3650	SMRU LLC	US01	65,674
12.351	3600	UNIVERSITY OF PITTSBURGH	CNVA000583204139921AM0	103,893
12.420	3600	BOSTON UNIVERSITY	4500002564	91,348
12.420	3600	CHILDREN'S HOSPITAL AND REGIONAL MEDICAL CENTER (CHRC)	11281SC	58,231
12.420	3600	CORNELL UNIVERSITY ITHACA	80583-11223	83,993
12.420	3600	DENVER RESEARCH INSTITUTE	MSRC-FY-16-01 MOD01	444,282
12.420	3600	EMORY UNIVERSITY	A037425 MOD03	996
12.420	3600	FLORIDA STATE UNIVERSITY	R02087 AM01	87,795
12.420	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977406 AM01	202,515
12.420	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000984530 AM01	74,848
12.420	3600	H LEE MOFFITT CANCER CENTER & RSCH INST	12-18717-99-01-G1 AM04	297,360
12.420	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0258-1031-4609 AM02	77,167

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12.420	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0258-1031-4609 AM03	235,173
12.420	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2016.0003 AM02	13,526
12.420	3600	JOHNS HOPKINS UNIVERSITY	2004209935 AM01	21,046
12.420	3600	JOHNS HOPKINS UNIVERSITY	2004338156 AM01	15,763
12.420	3600	JOHNS HOPKINS UNIVERSITY	PO 2002505331 MOD03	487
12.420	3600	JOHNS HOPKINS UNIVERSITY	VUMC37447 MOD05	2,616
12.420	3600	JOHNS HOPKINS UNIVERSITY (JHU)	PO# 2002478756 MOD03	8,222
12.420	3600	MICHIGAN STATE UNIVERSITY	RC108014-UW	23,655
12.420	3600	NORTHERN CALIFORNIA INST FOR RSCH & EDUC	CHAO2022-01 AM02	21,716
12.420	3600	OREGON STATE UNIVERSITY	RM128A-B AM02	43,752
12.420	3600	SANFORD BURNHAM PREBYS	69867-13291-UW	122,264
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ112-GJ1-1-SIBCR	6,959
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ112-LIUH-1-SIBCR	18,219
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ112-MIRANG-1-SIBCR	17,711
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	MD13-HALSNE-3-SIBCR	6,845
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	MD13-HALSNE-4-SIBCR	53,823
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	MD13-HB1-3-SIBCR	1,700
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	MD13-HB1-4-SIBCR	8,672
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	MD13-MD1-1-SIBCR MOD01	45,476
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	ME14-ME1-1-SIBCR	5,201
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PK17SHULEO1SIBCRM01	13,645
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11-MUKHEG-1-SIBCR	12,722
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11-SIEA-5-SIBCR MOD3	40,584
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11CABALD4SIBCR MOD01	17,003
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11CABALD5SIBCR-MOD3	36,188
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11PREECJ1SIBCRM02	32,302
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RE11SHARMA1SIBCRM02	30,870

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12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	RM164-REINR-1-SIBCR	22,963
12.420	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	ST119SHOFEJ1SIBCR	7,538
12.420	3600	ST JOSEPHS HOSPITAL AND MEDICAL CENTER	US32093	50,219
12.420	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1719 G WB554 AM01	61,368
12.420	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10566SC AM02	70,982
12.420	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11281SC	-18,171
12.420	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11281SC AM01	15,893
12.420	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	8455SC	24,373
12.420	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	8455SC AM09	243,606
12.420	3600	UNIVERSITY OF FLORIDA	SUB00001674	34,525
12.420	3600	UNIVERSITY OF FLORIDA	SUB00002109	184,416
12.420	3600	UNIVERSITY OF ILLINOIS CHICAGO	16704-00 AM02	51,366
12.420	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	61399-Z8524002 AM A	53,879
12.420	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00003006 AM07	1,221
12.420	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00003006 AM09	145,567
12.420	3600	UNIVERSITY OF NOTRE DAME	203758UW	50,286
12.420	3600	UNIVERSITY OF PITTSBURGH	CNVA0005666641361418AM	1,589
12.431	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000934254 AM03	9,393
12.431	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	201301077-03 AM12	6,395
12.431	3600	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	S4661 - PO 236230 AM03	164,276
12.431	3600	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	S4661 - PO 236230 AM04	131,057
12.431	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	0518 G WA899 AM02	71,504
12.431	3600	UNIVERSITY OF CALIFORNIA SANTA BARBARA	KK1810 AM04	139,323
12.431	3600	UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN	093111-17349	-92
12.431	3650	UNIV OF IL FED FLOW	20150616603	72,283
12.630	3600	ADVANCED ROBOTICS FOR MANUFACTURING INST	ARM-TEC-19-01-F-07	177,132

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12.630	3600	NATIONAL SCIENCE TEACHER ASSOCIATION	19-871-046	3,325
12.630	6990	ALMMII	N000141420002	20,053
12.750	3600	HENRY M JACKSON FOUNDATION	3810 MOD 3 PO 904589	-1,928
12.750	3600	HENRY M JACKSON FOUNDATION	3810 MOD 3 PO 904589	652
12.750	3600	HENRY M JACKSON FOUNDATION	4771 PO#960154	255,959
12.750	3650	UNIFORMED SVCS UNIV	HU00011810043	215,666
12.800	3600	DUKE UNIVERSITY	313-0864 MOD02	163,185
12.800	3600	FLORIDA STATE UNIVERSITY	R01868 AM03	42,961
12.800	3600	STANFORD UNIVERSITY	60814399-114411 AM10	999
12.800	3600	UNIVERSITY OF NEW MEXICO	707824-874J AM09	226,143
12.800	3650	UNIVERSITY OF UTAH	10049788WSU	141,871
12.910	3600	HARVARD UNIVERSITY	15328351100270027AM04	272,654
12.910	3600	PRINCETON UNIVERSITY	SUB0000246 AM02	57,113
12.910	3600	PRINCETON UNIVERSITY	SUB0000301 AM03	267,276
12.910	3600	TEXAS A&M UNIVERSITY	28-M1802338 AM03	110,603
12.910	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	67102239 AM05	454,579
12.910	3650	BAE SYSTEMS	1046192	61,567
12.910	3650	TEXAS A&M UNIVERSITY	28M1702710	525
12.RD	3600	AMERICAN BURN ASSOCIATION	UW666356	173,390
12.RD	3600	APPLIED RESEARCH ASSOCIATES INC	S-644-003552-UW MOD04	55,340
12.RD	3600	BLACK & VEATCH SPECIAL PROJECTS CORP	PROJECT042959PO170502	139,941
12.RD	3600	CARNEGIE MELLON UNIVERSITY	1900231SUB000PO413537	25,715
12.RD	3600	CFD RESEARCH CORPORATION	9285SUBCONTRACT2016074	3,108
12.RD	3600	CHARLES RIVER ANALYTICS INC	SC1712603 AM02	490,368
12.RD	3600	CHARLES RIVER ANALYTICS INC	SC1712603 AM03	2,710
12.RD	3600	COALITION FOR NATIONAL TRAUMA RESEARCH	NTRAP1802W81XWH18C0179	95,074
12.RD	3600	CORTANA CORPORATION	191-16-C-0004 MOD01	58,154

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12.RD	3600	CREARE INC	S647	72,009
12.RD	3600	CREARE INC	SUBCONTRACT # 89236	30,566
12.RD	3600	CREARE INC	SUBCONTRACT89236AM02	4,967
12.RD	3600	ERC INC	PO# PS200006	21,697
12.RD	3600	ERC INC	PS150026 MOD07	49,381
12.RD	3600	GALOIS, INC.	2019-006	34,915
12.RD	3600	GENERAL DYNAMICS LAND SYSTEMS	PO40301399TASKT2C2S1KR	31,128
12.RD	3600	GENERAL DYNAMICS LAND SYSTEMS	PO40301399TASKT4C3S1JR	514,711
12.RD	3600	GENERAL DYNAMICS LAND SYSTEMS	PO40301399TCT13W8231SL	43,994
12.RD	3600	GENERAL ELECTRIC COMPANY	401102349 MOD02	221,991
12.RD	3600	HEAT LIGHT & SOUND RESEARCH INC	NC68335-17-C-0553	303,164
12.RD	3600	HIGH REZ CONSULTING INC	APLUW-0674	16,661
12.RD	3600	HONEYWELL INTERNATIONAL INC	PO#3503381266E	60,138
12.RD	3600	HOUSTON MECHATRONICS	UW636222	388
12.RD	3600	JOHNS HOPKINS UNIVERSITY	CONTRACT#132791 MOD04	53,304
12.RD	3600	JOHNS HOPKINS UNIVERSITY	CONTRACT132791MOD04	8,505
12.RD	3600	LEIDOS	P010234707 MOD01	132,361
12.RD	3600	LEIDOS	PO10219879	56,760
12.RD	3600	LOCKHEED MARTIN CORPORATION	PO 4104239852 AM03	39,670
12.RD	3600	LOCKHEED MARTIN CORPORATION	PO# 4103296825 MOD 04	1,006
12.RD	3600	LOCKHEED MARTIN CORPORATION	PO# 4104498406 AM02	14,647
12.RD	3600	METRON	6G56-UW MOD02	35,974
12.RD	3600	METRON	6H23- APL-UW	18,058
12.RD	3600	NAMATAD	UW663508	61,872
12.RD	3600	NANOTOK LLC	UW662852	27,748
12.RD	3600	NAVATEK LTD	SCN09654 MOD0001	147,081
12.RD	3600	NAVATEK LTD	SCN09662REF00K48612000	45,308
12.RD	3600	NUMURUS LLC	UW635527	1,524

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12.RD	3600	OREGON STATE UNIVERSITY	RM119A-A AM05	38,187
12.RD	3600	PALO ALTO VETERANS INSTITUTE FOR RESEARC	ROS002904AM02POROS0751	123,916
12.RD	3600	RE2 ROBOTICS INC	1940000022008STARUW	153,474
12.RD	3600	SEMI FOUNDATION	FT19-20-193	22,104
12.RD	3600	SRI INTERNATIONAL INC	PO-44989 MOD#1	57,626
12.RD	3600	SRI INTERNATIONAL INC	PO47109 MOD01	49,846
12.RD	3600	STOTTLER HENKE ASSOCIATION INC	CKM2STOTTLERHENKEUNIVW	104,571
12.RD	3600	SYSTEM & TECHNOLOGY RESEARCH LLC	2019-0038 MOD01	83,592
12.RD	3600	THERANOVA, LLC	CRD-01-1150	26,987
12.RD	3600	TUNOPTIX INC	UW664564	91,722
12.RD	3600	ULL TECHNOLOGIES	STTR N19A-T023	41,255
12.RD	3600	UNIVERSAL TECHNOLOGY COMPANY LLC	162643-19-26-C1 MOD05	114,441
12.RD	3600	UNIVERSIDAD DE CONCEPCION	N00014-17-1-2606	17,545
12.RD	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1295-S-TA153 AM03	-8
12.RD	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11154SCW81XWH1590001AM	113,030
12.RD	3600	UNIVERSITY OF HAWAII	MA1316 AM02	-5,000
12.RD	3600	UNIVERSITY OF HAWAII	MA1400	44,893
12.RD	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	69333-Z8133201 AM B	41,434
12.RD	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	82887-Z9434204	385
12.RD	3600	UNIVERSITY OF MINNESOTA	N006060604 AM03	494,816
12.RD	3600	UNIVERSITY OF NOTRE DAME	208126UW AM03	104,881
12.RD	3600	UNIVERSITY OF VIRGINIA	GG12204PO2171664AM02	41,446
12.RD	3600	UNIVERSITY OF YORK	R1567501	-28,295
12.RD	3600	VCOM3D INC	AFTTS-UW-002 AM05	57,483
12.RD	3600	VCOM3D INC	IMPACTT-UW-001	96,568
12.RD	3600	VERITOX INC	A121653	22,749
12.RD	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101393PROJ49180800AM0	30,201

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12.RD	3600	WYLE LABORATORIES	TXS0149769 CHG 02	56,122
12.RD	3650	APPLIED RESEARCH ASSOC	1352	31,235
12.RD	3650	BLACK & VEATCH SPCL	190305042959	239,385
12.RD	3650	CARY INSTITUTE	3323200201841	37,283
12.RD	3650	EXMAT INC	EXMATWSU20P0004	29,301
12.RD	3650	INDUSTRIAL ECOOMICS	1107043WSU	49,650
12.RD	3650	LEIDOS ENGINEERING LLC	TASKORDERRELEASE003	14,119
12.RD	3650	LEIDOS ENGINEERING LLC	TASKORDERRELEASE004	173,971
12.RD	3650	MISSISSIPPI STATE UNIV	19400036135601	1,443,647
12.RD	3650	MISSISSIPPI STATE UNIV	19400036138901	41,006
12.RD	3650	OPTO-K0WLEDGE SYSTEMS	19050301	89,116
12.RD	3650	PACIFIC ST MARINE FISH	20127P	23,082
12.RD	3650	TUFTS UNIVERSITY	ARM212WSU	100,676
12.RD	3650	UNIV OF COLORADO	FY18937001	5,542
14.239	1480	City of Bellingham	PBEL2020	239,079
14.239	1480	Tacoma Community Redevelopment Authority	HKPTA2020	235,759
14.536	3600	DEPAUL UNIVERSITY	501248SG142 AM01	12,048
14.U01	1480	Pierce County Community Development Corporation	HAPC2020	14,257
15.156	3600	SUQUAMISH TRIBE	AM02	45,603
15.232	3650	UNIVERSITY OF IDAHO	NS1387SB651835	40,161
15.423	3600	NORTH PACIFIC RESEARCH BOARD	A94-99	8,653
15.423	3600	UNIVERSITY OF ALASKA FAIRBANKS	UAF 18-0058	20,956
15.423	3600	UNIVERSITY OF ALASKA FAIRBANKS	UAF180058AM01P0521289	12,521
15.507	3750	Columbia Irrigation District	14839	3,277
15.608	4770	The Xerces Society, Inc	F19AC00507	33
15.608	4770	Trout Unlimited Inc	80-888-3052	7,182
15.615	3600	MARIANA ISLANDS DEPT OF LANDS & NAT RES	438401	-2,165
15.615	3600	MARIANA ISLANDS DEPT OF LANDS & NAT RES	438401-OC	268,808

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15.623	4770	Ducks Unlimited, Inc	WA-331-6	28,401
15.634	4770	Idaho Dept of Fish and Game	IDFW-FY18-198	15,669
15.634	4770	Western Assoc of Fish & Wildlife Agencies	Agreement	7,055
15.654	3760	WA Dept of Fish and Wildlife	19-11899	44,718
15.663	3650	NAT'L FISH & WLDLIF FN	080918060960	15,706
15.663	4770	National Fish & Wildlife Foundation	0103.13.040396	4,542
15.805	3800	WA State Water Research Center	105860 G004150	7,931
15.812	3600	CLEMSON UNIVERSITY	2162-216-2013352	7,941
15.820	3800	NW Climate Science Center	UWSC10095 / BPO33491	13,868
15.820	3800	NW Climate Science Center	UWSC10095 / BPO41753	31,602
15.820	3800	NW Climate Science Center	UWSC10095 / BPO41754	32,165
15.820	4770	Oregon State University	GS347A-A	19,905
15.RD	3600	CALIFORNIA DEPT OF FISH AND WILDLIFE	P1880007	5,887
15.RD	3600	NOOKSACK INDIAN TRIBE	19-05-094 AM02	24,936
15.RD	3600	TULALIP TRIBES	UW639375	57,157
15.U01	3650	COLUMBIA RIV INTERTRIB	C1907	28,462
15.U02	3650	COLVILLE CONFED TRIBES	WSU004079	3,097
16.560	3600	KING COUNTY	UW664160	206,661
16.560	3600	PUGET SOUND EDUCATIONAL SERVICE DISTRICT	10386 AM01	-3
16.560	3600	PUGET SOUND EDUCATIONAL SERVICE DISTRICT	10790 AM01	142,338
16.609	6990	WA ASSN of Sheriffs & Police	PSN-2014-0005	0
16.726	3650	NAT'L 4-H CNCL	2019MUFX0002	8,082
16.U02	3650	NAT'L 4-H CNCL	2018-JU-FX-0005	35,122
16.U04	3650	SPOKANE CNTY	WSU004069	49,313
16.U05	3650	N MASON REG FIRE AUTH	WSU004115	20,795
17.258	6990	Skillsource	964	41,733
17.258	6990	Workforce Central	no contract number	7,731

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17.259	6990	Workforce Development Council of Snohomish Cnty	19EDCCX393YOUTH	23,705
17.259	6990	Workforce Development Council of Snohomish Cnty	20EVCCX369YOUTH	24,786
17.268	3650	SOUTHERN UTAH UNIV	F1700012910441004	64,955
17.268	6990	AACC	AP-33025-19-75-A-11	28,250
17.268	6990	Everett Community College	16170195SA	180,309
17.277	6990	WDC Pacific Mtn Workforce Dev	C2C-SSC-AP-P17	40,000
17.282	6990	American Association of Community Colleges	AP-33025-19-75-A-11	33,294
19.009	3650	FHI 360	102536	209,465
19.033	3650	NAT'L ACADEMIES SCI	20000101901	31,200
19.U01	3650	NAT'L ACADEMIES SCI	2000009724	54,244
20.200	3600	KITTELSON AND ASSOCIATES INC	23506 AM01	22,790
20.200	3650	MINNESOTA DEPT TRANS	1033080	4,881
20.200	3650	NAT'L ACADEMIES SCI	HR1305	10,222
20.205	3650	WEST VIRGINIA UNIV	19437WSU	29,759
20.205	3700	Parametrix Inc	374-2941-001	5,467
20.600	3750	Wash Assoc Sheriffs and Police Chiefs	n/a	799
20.600	4770	WA Association of Sheriffs and Police Chiefs	WDFW 20-15059	2,800
20.701	3600	ARIZONA STATE UNIVERSITY	17175AM04PTE69A3551747	57,657
20.701	3600	FLORIDA INTERNATIONAL UNIVERSITY	000024 AM02	26,931
20.701	3600	FLORIDA INTERNATIONAL UNIVERSITY	800007349-04UG	11,359
20.701	3600	FLORIDA INTERNATIONAL UNIVERSITY	80000734904UG800094800	37,492
20.701	3600	NEW YORK UNIVERSITY	F8741-03	82,740
20.701	3600	NEW YORK UNIVERSITY	F8741-03 AM 01	2,277
20.701	3600	NEW YORK UNIVERSITY	F8741-03 AM 03	91,419
20.701	3600	UNIVERSITY OF ALASKA FAIRBANKS	UAF18005469A3551747129	318,776
20.701	3650	UNIV OF ALASKA	AUF140103	71,847
20.701	3650	UNIV OF ALASKA	UAF140103	7,771
20.701	3650	UNIV OF N CAROLINA	2016068804WSU	121,042

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20.701	3700	Montana State University	G227-17-W6460 Amend 5	310,692
20.RD	3600	APPLIED PAVEMENT TECHONOLOGY INC	TOPR 7_15-001-RR07-UW	14,515
20.RD	3600	APPLIED PAVEMENT TECHONOLOGY INC	TOPR215001RR02UWMOD01	-16
20.RD	3600	BATTELLE MEMORIAL INSTITUTE	743493POUS001000074349	113,378
20.RD	3600	BATTELLE MEMORIAL INSTITUTE	PO US001-0000778774	18,609
20.RD	3600	BATTELLE MEMORIAL INSTITUTE	POUS0010000778774MOD1	15,166
20.RD	3600	CAMBRIDGE SYSTEMATICS INC	160140 MOD01	5,571
20.RD	3600	CAMBRIDGE SYSTEMATICS INC	160140 TASK ORDER .029	1,542
20.RD	3600	CAMBRIDGE SYSTEMATICS INC	160140.019 MOD02	151,736
20.RD	3600	ENO CENTER FOR TRANSPORTATION	AM1	69,984
20.RD	3600	RESOURCE SYSTEMS GROUP INC	RSGPROJECT14205MOD03	-391
20.RD	3600	STREETLIGHT DATA INC	UW662130	20,207
43.001	3600	COLUMBIA UNIVERSITY	1GG013115PTENNX17AH04G	71,023
43.001	3600	COLUMBIA UNIVERSITY	3(GG015418) AM01	11,486
43.001	3600	DARTMOUTH COLLEGE	R1077 AM01	17,083
43.001	3600	DARTMOUTH COLLEGE	R1151	12,003
43.001	3600	JET PROPULSION LABORATORY	1570694 MOD01	30,441
43.001	3600	JET PROPULSION LABORATORY	1572151 MOD02	27,216
43.001	3600	JET PROPULSION LABORATORY	1612851	26,750
43.001	3600	JET PROPULSION LABORATORY	1614008 MOD01	28,583
43.001	3600	JET PROPULSION LABORATORY	1616846 MOD01	16,550
43.001	3600	JET PROPULSION LABORATORY	1620701 MOD 1	7,782
43.001	3600	JET PROPULSION LABORATORY	1623976	16,374
43.001	3600	JET PROPULSION LABORATORY	1638405	34,205
43.001	3600	JET PROPULSION LABORATORY (JPL)	1641292 MOD01	25,274
43.001	3600	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	102546 AM05	103,997
43.001	3600	MONTANA STATE UNIVERSITY	G238-19-W7767 AM1	86,724
43.001	3600	NORTHWEST RESEARCH ASSOCIATES INC	NWRA-17-S-191 MOD002	51,223

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43.001	3600	SAN DIEGO STATE UNIVERSITY RSCH FNDN	SA0000681 AM01	76,782
43.001	3600	SETI INSTITUTE	SC 3365 MOD01	837,685
43.001	3600	SETI INSTITUTE	SC 3365 MOD03	94,583
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	AR8-19006X	11,253
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	G05-16085X AM03	31,015
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	GO7-18101A AM01	497
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	GO8-19090A AM01	38,196
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-AR-14560.003-A	-1
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-AR-14575.001-A	8,220
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-AR-15020.007-A	12,522
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-12055.01-A AM11	77,496
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-14912.002-A	4,135
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-15180.005-A	13,949
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-15216.004-A	3,526
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-15302.004-A	10,186
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-15656.003-A	33,190
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HST-GO-15703.001-A	154
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR13882001AAM03	9,166
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR13901005AAM04	22,578
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR14325001AAM02	21,467
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR14563002AAM01	-1,902
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR15013004AAM01	4,659
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR15016002AAM04	54,824
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR15042003AMOD01	8,329
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR15046001AAM03	16,549
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTAR15800002AAM01	44,760
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO13659002AAM02	16,040
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO13768009AAM04	6,715

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43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14140006AAM02	8,360
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14173004AAM01	-498
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14610001AAM01	32,747
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14675009AAM01	16,782
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14784003AAM001	84,169
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14786001AAM01	16,647
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO14799002AAM01	16,050
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO15154001AAM04	87,384
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO15275009AAM02	18,055
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO15293008AAM04	35,595
43.001	3600	SPACE TELESCOPE SCIENCE INSTITUTE	HSTGO15314003AAM04	14,483
43.001	3600	UNIVERSITIES SPACE RESEARCH ASSOCIATION	SOF 07-0149 MOD02	5,913
43.001	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	SUBAWD000410 MOD02	44,138
43.001	3600	UNIVERSITY OF ARIZONA	408899 AM06	24,808
43.001	3600	UNIVERSITY OF ARIZONA	555432	5,922
43.001	3600	UNIVERSITY OF CALIFORNIA IRVINE	2017-3519 AM04	96,319
43.001	3600	UNIVERSITY OF CALIFORNIA RIVERSIDE	S-001254	3,774
43.001	3600	UNIVERSITY OF COLORADO	1552357MOD05PO10004540	17,015
43.001	3600	UNIVERSITY OF COLORADO	1558798	6,964
43.001	3600	UNIVERSITY OF HAWAII	MA1314	1,449
43.001	3600	UNIVERSITY OF HAWAII	MA1314 AM05	29,439
43.001	3600	UNIVERSITY OF HOUSTON	R-20-0020	7,407
43.001	3600	UNIVERSITY OF HOUSTON	R160069PTENNX16AN35GAM	20,569
43.001	3600	UNIVERSITY OF MARYLAND BALTIMORE COUNTY	NASA0004-02 AM03	86,605
43.001	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3004919118 AM02	18,081
43.001	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5111900 AM01	91,131

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43.001	3600	UNIVERSITY OF OKLAHOMA	2019-50 AM01	14,093
43.001	3600	UNIVERSITY OF OREGON	239700A AM01	129,920
43.001	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	23156800 AM05	217,329
43.001	3600	YALE UNIVERSITY	GK000716CON80000156AM0	59,498
43.001	3650	CA INST OF TECH JPL	1623611	62,025
43.001	3800	Arizona State University	15-710	6,749
43.001	3800	Jet Propulsion Laboratory	1546127	98,887
43.001	3800	University of Toledo	F-2019-53	8,689
43.001	6990	Univ of Washington	NNX15AJ98HS000005	6,406
43.007	3650	UNIV OF KENTUCKY RES	320000109817193	59,217
43.008	3800	University of Washington	UWSC11971 BPO 48988	2,232
43.008	3800	University of Washington	UWSC8586/BPO8889 YR 4/	37,033
43.RD	3600	*JET PROPULSION LABORATORY	1303809 MOD30	32,210
43.RD	3600	BOEING COMPANY	1475635 PCC02	53,300
43.RD	3600	CMSOFT INC	UW660765	37,970
43.RD	3600	JET PROPULSION LABORATORY	1318945 MOD27	223,766
43.RD	3600	JET PROPULSION LABORATORY	1542830 MOD11	166,018
43.RD	3600	JET PROPULSION LABORATORY	1634821	302,654
43.RD	3600	JET PROPULSION LABORATORY	SC#1526158 MOD07	56,789
43.RD	3600	JET PROPULSION LABORATORY (JPL)	1616200	51,357
43.RD	3600	JOHNS HOPKINS UNIVERSITY	2003281677 AM03	33,346
43.RD	3600	JOHNS HOPKINS UNIVERSITY	200337076 AM08	70,376
43.RD	3600	KALSCOTT ENGINEERING INC	UW637483	39,408
43.RD	3600	M4 ENGINEERING	UW635285	17,084
43.RD	3600	M4 ENGINEERING	UW663895	18,976
43.RD	3600	MALIN SPACE SCIENCE SYSTEMS INC	12-0233 MOD08	62,457
43.RD	3600	MALIN SPACE SCIENCE SYSTEMS INC	12-0233 MOD09	159,132
43.RD	3600	SCIENTIFIC SYSTEMS COMPANY INC	1609UWALPH2XPH3MOD04	47,641

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43.RD	3600	SCIENTIFIC SYSTEMS COMPANY INC	SC-1652-001 MOD02	193,646
43.RD	3600	STANFORD UNIVERSITY	PY24261-22727-D AM34	5,502
43.RD	3600	ZIN TECHNOLOGIES INC	SPACEDOC-2 2017-001	126,247
43.U01	3650	CONTINUUM DYNAMICS INC	19053	3,261
43.U04	6990	Univ of Washington	1T60	10,966
43.U50	3870	Americans for the Arts	052019AW	34,313
43.U50	3870	Americans for the Arts	ArtsWa0120	8,669
45.024	3760	Cornell Univ.	C16R12454CR16R	31,098
45.313	3600	KENT STATE UNIVERSITY	414313-UW	82,185
45.313	6990	Northern Virginia Comm. Coll.	96-17-0113-17	3,185
47.041	3600	AMERICAN SOCIETY FOR ENGINEERING EDUC	2019UWALGBTQ+ MOD01	9,827
47.041	3600	CARNEGIE MELLON UNIVERSITY	1122191-379633 AM02	24,040
47.041	3600	CORNELL UNIVERSITY ITHACA	89019-11283	57,842
47.041	3600	EASYXAFS LLC	UW660843	3,004
47.041	3600	ENTOX SCIENCES INC	A138575UW SBIR-STTR	222,722
47.041	3600	HARVARD UNIVERSITY	124050-5104118 AM04	114,993
47.041	3600	MICROHAOPS INC	A126254 AM01	1,703
47.041	3600	OREGON STATE UNIVERSITY	S1738A-A AM05	53,980
47.041	3600	PURDUE UNIVERSITY	10001604-005 AM01	5,687
47.041	3600	UNIVERSITY OF CALIFORNIA BERKELEY	00009375 AM06	153,397
47.041	3600	UNIVERSITY OF CALIFORNIA DAVIS	A16-0090-S001 AM02	67,985
47.041	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	0190 G SA465 AM01	2,460
47.041	3600	UNIVERSITY OF COLORADO	1556900 AM01	131,374
47.041	3600	UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN	077966-15619 AM05	8,592
47.041	3600	UNIVERSITY OF MINNESOTA	A006111201	40,601
47.041	3600	UNIVERSITY OF MINNESOTA	A006827801	97,033
47.041	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	105584141 AM01	20,567
47.041	3600	UNIVERSITY OF TEXAS AUSTIN	UTA15-000857 AM04	93,186

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47.041	3600	VIRGINIA POLYTECHNIC INST AND STATE UNIV	479852-19124 MOD01	126,709
47.041	3600	VIRGINIA POLYTECHNIC INST AND STATE UNIV	479852-19124A	210,781
47.041	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-255-MOD-1	131,270
47.041	3600	YALE UNIVERSITY	GR105156CON80001606AM0	190,834
47.041	3650	ECO-SHELTER LLC	135456001	62,900
47.041	3650	SYRACUSE UNIV	2825004301S26	1,606
47.041	3650	UNIVERSITY OF KANSAS	FY2020018	42,965
47.041	3650	UNIVERSITY OF MICHIGAN	3003760323	-3,443
47.049	3600	AURA INC	N51948C AM06	3,616,301
47.049	3600	CORNELL UNIVERSITY ITHACA	7850410756AM02DMR16293	47,968
47.049	3600	EMORY UNIVERSITY	A022076 AM01	18,430
47.049	3600	EMORY UNIVERSITY	A217002	45,577
47.049	3600	MICHIGAN STATE UNIVERSITY	RC104177UW AM06	145,238
47.049	3600	UNIVERSITY OF CALIFORNIA BERKELEY	0009390 AM03	83,228
47.049	3600	UNIVERSITY OF PENNSYLVANIA	573250 AM01	10,396
47.049	3600	UNIVERSITY OF WISCONSIN MILWAUKEE	203405468 AM04	155,569
47.049	3650	AMER PHYSICAL SOC	CWC050	17,057
47.049	3700	Occidental College	#OXY-CURM0023	14,825
47.049	3750	Mathematical Association of America	3-8-710-890	21,736
47.049	3750	Occidental College	OXY-CURM0002	250
47.049	3800	Lowell Observatory	2018-74803	7,699
47.050	3600	ARIZONA STATE UNIVERSITY	14386AM05PRNSF1338810	125,157
47.050	3600	ARIZONA STATE UNIVERSITY	18-352	228,452
47.050	3600	ARIZONA STATE UNIVERSITY	18-352 AM03	90,072
47.050	3600	BERMUDA INSTITUTE OF OCEAN SCIENCES	182708UW	47,003
47.050	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S431504	137,249
47.050	3600	COLUMBIA UNIVERSITY	20C(GG009393) AM03	20,383
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP INC	SA 9-09 MOD 69	-110,246

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47.050	3600	CORNELL UNIVERSITY ITHACA	80572-10906 MOD02	22,977
47.050	3600	INCORPORATED RSCH INST FOR SEISMOLOGY	SU-19-1001-07-UWA TO01	11,354
47.050	3600	INCORPORATED RSCH INST FOR SEISMOLOGY	SU19100107UWATO102	27,936
47.050	3600	OREGON STATE UNIVERSITY	S2119A-A AM01	90,243
47.050	3600	PENNSYLVANIA STATE UNIVERSITY	5857-UW-NSF-8934 AM03	45,370
47.050	3600	PRINCETON UNIVERSITY	SUB0000005 AM10	950,076
47.050	3600	PRINCETON UNIVERSITY	SUB0000386	6,085
47.050	3600	RUTGERS THE STATE UNIV OF NEW JERSEY	1247	10,083
47.050	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	SUBAWD000130 MOD03	81,094
47.050	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	SUBAWD001365	49,783
47.050	3600	UNIVERSITY OF CALIFORNIA SANTA BARBARA	KK1641 AM04	28,964
47.050	3600	UNIVERSITY OF RHODE ISLAND	007439/12112018	-2,136
47.050	3600	UNIVERSITY OF ROCHESTER	417238URFAOGR510782AM0	59,943
47.050	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	104919401	-477
47.050	3600	UNIVERSITY OF WISCONSIN MADISON	0000000506	3,229
47.050	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101403	8,304,235
47.050	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101403 AMEND 3	972,836
47.050	3650	AUSTIN COMMUNITY COLL	WSU003361	-3,287
47.050	3650	EVERETT CC	18190166SUB	9,673
47.050	3650	PRINCETON UNIV	SUB0000169	15,992
47.050	3650	UNIV OF PUGET SOUND	130754006	4,765
47.050	3650	UNIVERSITY OF IDAHO	IBK289SB001	255,378
47.050	3750	Pennsylvannia State University	5862-CWU-NSF-8934	75,002
47.050	3750	UNAVCO, Inc	S16-ICER1639709-S2	44,360
47.050	3750	UNAVCO, Inc	S18-EAR1724794-S1	102,837
47.050	3750	University of the Pacific	202920-03	4,091
47.070	3600	FLORIDA INTERNATIONAL UNIVERSITY	800010381-01UG AM01	7,976

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47.070	3600	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	S4742 - PO 263721 AM02	111,418
47.070	3600	MICHIGAN STATE UNIVERSITY	RC107561UW	26,617
47.070	3600	NORTHWESTERN UNIVERSITY	60052332 UWA A01	121,598
47.070	3600	PRINCETON UNIVERSITY	SUB0000281 AM01	228,928
47.070	3600	UNIVERSITY OF CALIFORNIA BERKELEY	00009749 AM01	3,497
47.070	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	121847117MPINVOICES900	27,261
47.070	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	91563015 AM03	145,674
47.070	3600	UNIVERSITY OF COLORADO	1556133 AM03	136,296
47.070	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	27338-Z4338001 AMD	4,214
47.070	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	27338-Z4338001 AME	51,856
47.070	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	56086-Z4322002 AM B	45,991
47.070	3600	UNIVERSITY OF MINNESOTA	A006581303 AM001	203,545
47.070	3600	UNIVERSITY OF WISCONSIN MILWAUKEE	203405442	24,715
47.070	3600	UTAH STATE UNIVERSITY	201242-480 AM02	2,855
47.070	3600	UTAH STATE UNIVERSITY	201242-480 AM03	97,259
47.070	3600	VIRGINIA POLYTECHNIC INST AND STATE UNIV	479590-19124	56,134
47.070	3650	CLEMSON UNIVERSITY	19062062011806	288,120
47.070	3650	OR ST UNIV FED	Z0051A-B	82,300
47.074	3600	ARIZONA STATE UNIVERSITY	17-025 (1616821) AM02	44,277
47.074	3600	CARY INSTITUTE OF ECOSYSTEM STUDIES	3357/200201908	73,210
47.074	3600	GLOUCESTER MARINE GENOMICS INSTITUTE	00001	2,170
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM22	7,201
47.074	3600	MICHIGAN STATE UNIVERSITY	612075UW AM22	249,996
47.074	3600	UNIVERSITY OF ALASKA SOUTHEAST	J20161-1557186	-1,514
47.074	3600	UNIVERSITY OF ARIZONA	493174 AM01	2,672
47.074	3600	UNIVERSITY OF CALIFORNIA BERKELEY	00009877 AM02	11,427
47.074	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3004946906	55,939
47.074	3600	UNIVERSITY OF MISSOURI COLUMBIA	C00050974-2 AM03	144,367

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47.074	3600	UNIVERSITY OF MISSOURI COLUMBIA	C00067193-1	41,554
47.074	3650	OBLE RSRCH INSTITUTE	2017978001	2,538
47.074	3650	LOYOLA MARYMOUNT UNIV	17014S1	129,949
47.074	3650	NATL CTR FR GEOME RES	20171	276,015
47.074	3650	TUFTS UNIVERSITY	SF0037	38,597
47.074	3650	UNIVERSITY OF IDAHO	"AL3316SB875818	5,804
47.074	3650	UNIVERSITY OF MISSOURI	C000573932	64,878
47.074	3650	UNIVERSITY OF MISSOURI	C000622112	97,924
47.074	3650	UNIVERSITY OF TN	9500073626	8,172
47.074	3750	University of Georgia	RR167-627/S000812	51,576
47.074	3800	University Of Alaska	UAF 18-0059/P0521291	184,767
47.075	3600	AMERICAN RED CROSS	UW664661	2,373
47.075	3600	CARNEGIE MELLON UNIVERSITY	1122280-355037 AM03	5,977
47.075	3600	SYRACUSE UNIVERSITY	28896-04459 SO1 AM02	7,546
47.075	3600	SYRACUSE UNIVERSITY	30291-05288-S01	14,031
47.075	3600	UNIVERSITY OF MARYLAND COLLEGE PARK	62383-Z4787001	114,054
47.075	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00011150	10,850
47.075	3600	UNIVERSITY OF TEXAS AUSTIN	UTA19-001010	21,682
47.075	3650	SANTA FE INSTITUTE	SFI20160914	21,874
47.076	3600	ALLEGHENY COLLEGE	1906512-1 AM01	3,688
47.076	3600	AMERICAN INSTITUTES FOR RESEARCH	0435600001 MOD02	66,572
47.076	3600	AMERICAN SOCIETY FOR ENGINEERING EDUC	1760002-760-UW	18,487
47.076	3600	ASSOCIATION OF SCIENCE-TECHNOLOGY CENTER	DRL-1612739 MOD04	52,497
47.076	3600	CAL POLY POMONA FOUNDATION INC	007800	20,485
47.076	3600	COUNCIL OF GRADUATE SCHOOLS	UW661728	21,141
47.076	3600	EDUCATION DEVELOPMENT CENTER INC	EDC 12423 GN1850447	16,378
47.076	3600	IOWA CHILDREN'S MUSEUM	UW630875	22,477

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47.076	3600	MICHIGAN STATE UNIVERSITY	RC107451UW AM02	66,511
47.076	3600	NORTHWESTERN UNIVERSITY	60053825 WASH	169,829
47.076	3600	OREGON STATE UNIVERSITY	S1666A-A AM05	6,454
47.076	3600	SEATTLE PACIFIC UNIVERSITY	243050-1819	62,035
47.076	3600	SEATTLE UNIVERSITY	21-0-1-488070-01 AM01	27,576
47.076	3600	STANFORD UNIVERSITY	61462251-126900 AM04	75,277
47.076	3600	STATE UNIVERSITY OF NEW YORK GENESEO	190-1156654-85949	6,588
47.076	3600	UNIVERSITY OF CALIFORNIA SANTA BARBARA	KK1938	221,182
47.076	3600	UNIVERSITY OF COLORADO	1554145 MOD03	7,849
47.076	3600	UNIVERSITY OF COLORADO	1554735 AM02	11,566
47.076	3600	UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN	095464-17496 AM01	3,841
47.076	3600	UNIVERSITY OF OREGON	2008Z0B AM01	55,691
47.076	3600	WEST VIRGINIA UNIVERSITY	18-717-UW	6,768
47.076	3650	AMERICAN ASSOC CC	13890001	57,242
47.076	3650	AUSTIN COMMUNITY COLL	WSU003308	25,606
47.076	3650	AUSTIN COMMUNITY COLL	WSU004153	2,269
47.076	3650	BELLEVUE COLLEGE	WSU003046	-964
47.076	3650	DIGITAL WORLD BIOLOGY	WSU003988	28,450
47.076	3650	FINGER LAKES CC	CCURIYEARII20162017	21,383
47.076	3650	HERITAGE UNIVERSITY	CRESCENT-01	276
47.076	3650	JEFFERSON COMM TECH	DUE1700496WSU	13,574
47.076	3650	KENTUCKY CMMUNITY TECH	KCTPS715	-10,780
47.076	3650	MONTEREY PENINSULA COL	WSU_ITEST SUPPLEMENTAL	9,976
47.076	3650	SPOKANE COMMUNITY COLL	134038001	6,300
47.076	3800	Salish Kootenai College	1826637 / WWU-18-2	3,000
47.076	3800	University Of Colorado	1557894/PO 1001210788	20,154
47.076	3800	WA State University	131202 G004101	1,433
47.076	6990	CWU	1356479-1	10,957

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47.076	6990	EWUNSF	1660606	10,360
47.076	6990	Lake WASHINGTON Technical	G#14858583	3,027
47.076	6990	Purdue University	1700674	31,014
47.076	6990	Sinclair Comm Coll	DU1304405	6,753
47.076	6990	Tennessee Tech	1601587	20,801
47.076	6990	UW LSAMP	763689	6,209
47.076	6990	Wisconsin	1T3A	70,165
47.079	3600	UNIVERSITY OF CHICAGO	FP065300C54405486012AM	176,548
47.079	3600	US CIVILIAN RESEARCH & DEVELOPMENT FNDN	USB1-31156-XX-13 MOD04	7,042
47.079	3650	CRDF GLOBAL	OISE16627650A	-94
47.079	3650	CRDF GLOBAL	OISE19655020	5,475
47.RD	3600	AMERICAN SOCIETY OF MECHANICAL ENGINEERS	UW639293	11,515
47.RD	3600	VESICUS LLC	UW668028	43,117
47.RD	3650	CARNEGIE MELLON UNIV	1123272-390398	47,140
47.RD	3650	MONTGOMERY CTY CC	WSU004040	4,650
59.037	3800	WA State University	135423-G004039	184,953
59.037	3800	WA State University	137816-G004184	151,392
59.037	3800	WA State University	138800-G004195	17,534
66.034	3760	Olympic Reg Clean Air	01J41301	16,773
66.123	4770	Northwest Straits Foundation	2019-13-WDFW	44,212
66.203	3700	Rural Community Assistance Corp	EPA EFC/E165, TASK#1,2	28,032
66.456	3800	Puget Sound Partnership	2019-37	22,638
66.509	3600	*CARNEGIE MELLON UNIVERSITY	1080358-364871 AM04	27,597
66.509	3600	*CARNEGIE MELLON UNIVERSITY	1080358-364872 AM01	105,014
66.509	3600	CARNEGIE MELLON UNIVERSITY	1080358-364874 AM05	90,112
66.509	3600	CARNEGIE MELLON UNIVERSITY	1080358-364876 AM05	162,920
66.716	3650	EXTENSION FNDN	SA201916	797

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66.716	3650	EXTENSION FNDN	SA202016	19,220
66.RD	3600	NORTH AMERICAN DEVELOPMENT BANK	TAA18-003 MOD02	25,482
66.RD	3600	SKAGIT COUNTY	C20190479	7,621
66.U01	6990	City of Tacoma	C895	9,244
81.049	3600	AMERICAN PHYSICAL SOCIETY	CWC-038	6,302
81.049	3600	COLUMBIA UNIVERSITY	1(GG014496)	1,143,243
81.049	3600	COLUMBIA UNIVERSITY	1(GG014496) AM01	57,897
81.049	3600	UNIVERSITY OF FLORIDA	UFDSP00012374	49,147
81.049	3600	UNIVERSITY OF MISSOURI COLUMBIA	C00055418-1 AM02	57,980
81.049	3600	UNIVERSITY OF MISSOURI COLUMBIA	C00063421-1	84,747
81.049	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5108338 AM03	877
81.049	3600	UNIVERSITY OF OKLAHOMA	2018-32 AM01	40,228
81.049	3600	UNIVERSITY OF TENNESSEE	A18-0354-S002-A02	69,566
81.049	3650	DONALD DANFORTH PLANT SCI CTR	23021W	301,237
81.049	3650	MI ST UNIV	RC105251	94,188
81.049	3650	MONTANA STATE UNIV	"G11517W6230	77,180
81.049	3650	MONTANA STATE UNIV	G11517W6230	3
81.049	3650	MONTANA STATE UNIV	G12318W5072	6,129
81.049	3650	RADIATION DETECTION TECH	135871	56,027
81.049	3650	UNIVERSITY OF IDAHO	BJKQ05SB001	35,181
81.049	3650	UNIVERSITY OF NEBRASKA	2512150123011	173,312
81.049	3650	UNIVERSITY OF NEW MEXICO	740058874P	146,647
81.049	6990	Princeton-Science Education	PPPL 11-4-19	1,225
81.086	3600	CITY OF SEATTLE	OSE-16-54 AM02	34,569
81.086	3700	Kalispel Indian Community of Kalispel Res WA	BPA #74488 REL 8,20	151,545
81.087	3600	IOWA STATE UNIVERSITY	SCN-1007304	71,758
81.087	3600	OREGON STATE UNIVERSITY	G0152A-B AM09	233,467

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81.087	3600	UNIVERSITY OF HAWAII	MA1158 AM04	25,115
81.087	3650	AMER WIND WILDLIFE INSTITUTE	DOEWS872900	7,268
81.087	3650	COLORADO SCHOOL OF MINES	4010115801	49,932
81.087	3650	ELECTRIC POWER RSCH INST	10011557	51,095
81.087	3650	TEXAS A&M AGRILIFE RESEARCH	06S170616	56,372
81.087	3650	TEXAS A&M AGRILIFE RESEARCH	M1900171	37,237
81.087	3650	UNIVERSITY OF CALIF	0190GXA493	17,003
81.087	3650	UNIVERSITY OF UTAH	10052221WSU	50,710
81.089	3600	UNIVERSITY OF TEXAS AUSTIN	UTA17-000308 AM03	49,196
81.089	3600	UNIVERSITY OF TEXAS AUSTIN	UTA17-000308 AM04	1,866
81.106	2250	Western Governors Association	K15250-TW20	81,867
81.112	3600	TEXAS A&M UNIVERSITY	M1803341 AM02	60,821
81.112	3600	TEXAS A&M UNIVERSITY	M1803341 AM03	39,269
81.112	3650	UNIVERSITY OF OTRE DAME	203186WSU	186,889
81.113	3650	GEORGIA TECH	AWD000372G1	144,887
81.121	3650	IOWA STATE UNIVERSITY	4012014	-14,208
81.121	3650	RUTGERS STATE UNIVERSITY OF NJ	0018	137
81.121	3650	UNIV OF TULSA	142120464294802	29,773
81.122	3650	GRID PROTECTION ALLICANCE	WSU003625	6,187
81.122	3650	IOWA STATE UNIVERSITY	4012016A	117,147
81.122	3650	UNIV OF IL FED FLOW	20150660502	270,911
81.122	3650	UNIVERSITY OF CALIF	S000872	-363
81.124	3600	UNIVERSITY OF NOTRE DAME	202199UW AM08	174,615
81.135	3600	UNIVERSITY OF COLORADO	1556660	307,267
81.135	3600	UNIVERSITY OF FLORIDA	UFDSP00012001 AM03	87,327
81.135	3600	ZAP ENERGY, INC	A147661DEAR0001010AM01	675,724
81.135	3650	IOWA STATE UNIVERSITY	4012006C	-11,206
81.135	3650	UNIV OF WISCONSIN-MADISON	0000000025	22,278

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81.135	3650	VANDERBILT UNIVERSITY	UNIV58355	-23,533
81.RD	3600	ARGONNE NATIONAL LABORATORY	7F-30111 MOD03	111,633
81.RD	3600	ARGONNE NATIONAL LABORATORY	8F-30037 M0D06	60,312
81.RD	3600	ARGONNE NATIONAL LABORATORY	8F-30064 M0003	65,215
81.RD	3600	ARGONNE NATIONAL LABORATORY	9F-60043 M0001	97,785
81.RD	3600	ARGONNE NATIONAL LABORATORY	9F-60194 MOD03	20,373
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	243766 TO 330280 MOD03	3,768
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	243766 TO257527 MOD01	9,939
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA #487139 TO#500469	12,432
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA 487139, TO 493071	24,234
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA# 487139 TO#510568	24,463
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA#243766 TO#468365	112,399
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA#487139 TO#513654	20,730
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA#487139 TO#495960	16,001
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA#487139 TO#516528	13,243
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA#487139 TO#516639	16,108
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO354654MOD04	947
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO356518MOD01	37,193
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO402123MOD06	33,147
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO403450MOD03	8,602
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO415934MOD03	68,341
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO424177MOD03	176,712
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA243766TO432652MOD04	81,395
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA487139 TO495959	6,452
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA487139TO502654MOD1	64,902
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MA487139TO503070MOD01	986
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	MTA487139TO517874	5,259
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	TASKORDER335418MOD03	29,346

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81.RD	3600	BATTELLE MEMORIAL INSTITUTE	TO 495233 (MA 487139)	35,208
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	TO321938 MOD06	72,278
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	TO386893MASTER243766	185,753
81.RD	3600	BATTELLE MEMORIAL INSTITUTE	TO386893MOD03MASTER243	120,565
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	252206 AM015	107,105
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	339224 AM03	20,418
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	339224 AM05	13,678
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	344693 AM03	13,101
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	344773 AM04	97,310
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	364211 AM01	90,158
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	368361	16,663
81.RD	3600	BROOKHAVEN SCIENCE ASSOCIATES LLC	381902	17,472
81.RD	3600	CTFUSION LLC	A144534/DE-AR0001098	761,241
81.RD	3600	DIRAC SOLUTIONS INC	DSI-UW-2018-1 AM01	63,640
81.RD	3600	FERMI NATIONAL ACCELERATOR LABORATORY	666484	74,187
81.RD	3600	FERMI NATIONAL ACCELERATOR LABORATORY	PO#652197	62,246
81.RD	3600	GEORGIA INSTITUTE OF TECHNOLOGY	AWD-102934-S1 AM01	48,341
81.RD	3600	KRELL INSTITUTE	UW800210	38,354
81.RD	3600	KRELL INSTITUTE	UW800212	38,354
81.RD	3600	KRELL INSTITUTE	UW800214	45,550
81.RD	3600	KRELL INSTITUTE	UW800293	39,564
81.RD	3600	KRELL INSTITUTE	UW807142	-4,140
81.RD	3600	KRELL INSTITUTE	UW807143	6,911
81.RD	3600	KRELL INSTITUTE	UW807144	3,105
81.RD	3600	LAWRENCE BERKELEY NATIONAL LABORATORY	7374375 MOD11	502,161
81.RD	3600	LAWRENCE LIVERMORE NATIONAL LABORATORY	B621663 MOD05	101,459

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81.RD	3600	LAWRENCE LIVERMORE NATIONAL LABORATORY	B638049DEAC5207NA27344	68,952
81.RD	3600	LAWRENCE LIVERMORE NATIONAL LABORATORY	B639494	33,346
81.RD	3600	LOS ALAMOS NATIONAL LABORATORY	320719 MOD02	0
81.RD	3600	LOS ALAMOS NATIONAL LABORATORY	436061 MOD05	65,049
81.RD	3600	LOS ALAMOS NATIONAL LABORATORY	472094BAN285272MOD02	-183
81.RD	3600	LOS ALAMOS NATIONAL LABORATORY	507420 MOD01	39,650
81.RD	3600	LOS ALAMOS NATIONAL LABORATORY	520128 MOD02	148,308
81.RD	3600	LOWER COLUMBIA ESTUARY PARTNERSHIP	01-2019	7,801
81.RD	3600	LOWER COLUMBIA ESTUARY PARTNERSHIP	11-2020	38,546
81.RD	3600	METROPIA INC	716001-003 MOD01	-342
81.RD	3600	OAK RIDGE ASSOCIATED UNIVERSITIES	SAWD-WD-00850	2,380
81.RD	3600	OAK RIDGE ASSOCIATED UNIVERSITIES	UW802603	-5,079
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA 243766 TO 462266	67,115
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#445357	50,796
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#463721	3,690
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#463722	10,021
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#473135	8,099
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#474096	127,752
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA#243766 TO#485705	34,621
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766 TO450523	185,850
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO339065MOD01	246
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO348483MOD07	111,972
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO432000MOD01	13,110
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO445357MOD02	25,085
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO456355MOD02	51,316
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO456356MOD02	63,309
81.RD	3600	PACIFIC NORTHWEST NATIONAL LABORATORY	MA243766TO474098REV1	102,464

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81.RD	3600	PACIFIC OCEAN ENERGY TRUST	TEAMER.TB.UW	29,878
81.RD	3600	PC TRASK AND ASSOCIATES INC	CR289642 AM12	3,447
81.RD	3600	PRINCETON PLASMA PHYSICS LABORATORY	S017736	19,058
81.RD	3600	PRINCETON PLASMA PHYSICS LABORATORY	S017997	911
81.RD	3600	SANDIA NATIONAL LABORATORIES	PO #1935791	251
81.RD	3600	SLAC NATIONAL ACCELERATOR LABORATORY	168751 MOD01	60,991
81.RD	3600	SLAC NATIONAL ACCELERATOR LABORATORY	190039 MOD01	76,642
81.RD	3600	THE REAL ESTATE RESEARCH INSTITUTE	UW631682	2
81.RD	3600	UNIVERSITY OF ARIZONA	522609 AMO1	23,787
81.RD	3600	UT-BATTELLE LLC	4000146123 MOD14	249,567
81.RD	3600	UT-BATTELLE LLC	4000158760 MOD03	133,875
81.RD	3600	UT-BATTELLE LLC	4000175579	59,507
81.U01	3650	BATTELLE LABS (PNNL)	"516084	23,382
81.U02	3650	ANL-UNIVERSITY OF CHIC	0F60061	75,544
81.U03	3650	BATTELLE LABS (PNNL)	118074	153,697
81.U04	3650	BATTELLE ENERGY INL	196561	154,385
81.U05	3650	COLVILLE CONFED TRIBES	201931	62,695
81.U06	3650	BATTELLE ENERGY INL	230862	22,209
81.U10	3650	BATTELLE LABS (PNNL)	316309	154,678
81.U12	3650	BATTELLE LABS (PNNL)	320972	253,920
81.U13	3650	BATTELLE LABS (PNNL)	321180	593,663
81.U14	3650	BATTELLE LABS (PNNL)	324880	37,096
81.U15	3650	BATTELLE LABS (PNNL)	339057	1,119
81.U16	3650	BATTELLE LABS (PNNL)	370358	754
81.U17	3650	BATTELLE LABS (PNNL)	381667	42,045
81.U18	3650	BATTELLE LABS (PNNL)	386586	19,751
81.U19	3650	BATTELLE LABS (PNNL)	388260	11,569
81.U20	3650	UT-BATTELLE-ORNL	4000159936	4,510

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81.U21	3650	BATTELLE LABS (PNNL)	404320	84,062
81.U23	3650	BATTELLE LABS (PNNL)	407930	93,343
81.U25	3650	BATTELLE LABS (PNNL)	413678	51,364
81.U26	3650	BATTELLE LABS (PNNL)	414836	13,545
81.U27	3650	BATTELLE LABS (PNNL)	426011	44,276
81.U28	3650	BATTELLE LABS (PNNL)	432041	135,446
81.U29	3650	BATTELLE LABS (PNNL)	432188	5,541
81.U30	3650	BATTELLE LABS (PNNL)	432570	49,418
81.U31	3650	BATTELLE LABS (PNNL)	438660	108,829
81.U32	3650	BATTELLE LABS (PNNL)	444041	30,993
81.U33	3650	BATTELLE LABS (PNNL)	444059	177,252
81.U34	3650	BATTELLE LABS (PNNL)	449807	12,137
81.U35	3650	BATTELLE LABS (PNNL)	454204	19,963
81.U36	3650	BATTELLE LABS (PNNL)	471586	52,549
81.U37	3650	BATTELLE LABS (PNNL)	502212	24,443
81.U38	3650	BATTELLE LABS (PNNL)	477240	54,539
81.U39	3650	BATTELLE LABS (PNNL)	477975	42,786
81.U40	3650	BATTELLE LABS (PNNL)	481852	29,970
81.U41	3650	BATTELLE LABS (PNNL)	487167	9,328
81.U42	3650	BATTELLE LABS (PNNL)	489324	32,264
81.U43	3650	BATTELLE LABS (PNNL)	498809	22,601
81.U44	3650	BATTELLE LABS (PNNL)	500293	42,344
81.U45	3650	BATTELLE LABS (PNNL)	500860	3,130
81.U46	3650	BATTELLE LABS (PNNL)	501621	29,960
81.U47	3650	BATTELLE LABS (PNNL)	475231	45,464
81.U48	3650	BATTELLE LABS (PNNL)	502231	24,492
81.U49	3650	BATTELLE LABS (PNNL)	506217	16,797
81.U50	3650	BATTELLE LABS (PNNL)	506560	37,914

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81.U51	3650	BATTELLE LABS (PNNL)	506570	31,795
81.U52	3650	BATTELLE LABS (PNNL)	508280	20,125
81.U53	3650	BATTELLE LABS (PNNL)	508638	28,995
81.U54	3650	BATTELLE LABS (PNNL)	511933	25,004
81.U55	3650	BATTELLE LABS (PNNL)	513637	353
81.U56	3650	ALLIANCE SUSTAINABL EN	51419	1,393
81.U57	3650	BATTELLE LABS (PNNL)	516049	41,237
81.U58	3650	BATTELLE LABS (PNNL)	518593	2,315
81.U59	3650	BATTELLE LABS (PNNL)	519010	10,747
81.U60	3650	ALLIANCE SUSTAINABL EN	56682	185,039
81.U61	3650	BATTELLE LABS (PNNL)	580688	42,014
81.U62	3650	ALLIANCE SUSTAINABL EN	62916	2,120
81.U64	3650	WA RIVR PROTECTION SOL	64878	43,324
81.U65	3650	WA RIVR PROTECTION SOL	64928	32,985
81.U66	3650	WA RIVR PROTECTION SOL	69262	1,729
81.U67	3650	WA RIVR PROTECTION SOL	69321	9,923
81.U68	3650	ANL-UNIVERSITY OF CHIC	6F32142	102,082
81.U69	3650	WA RIVR PROTECTION SOL	71756	22,977
81.U70	3650	WA RIVR PROTECTION SOL	73148	22,004
81.U71	3650	UC-BERKELEY-LBLN	7523597	6,000
81.U73	3650	ALLIANCE SUSTAINABL EN	AHQ99200206	2,608
81.U75	3650	COLVILLE CONFED TRIBES	C20-123	16,969
81.U76	3650	ALLIANCE SUSTAINABL EN	XFC87033101	44,736
81.U77	3650	ALLIANCE SUSTAINABL EN	XGJ66218401	16,348
81.U80	4610	National Fish and Wildlife	0201.19.061654	50,048
81.U81	4610	National Fish and Wildlife	0201.20.065209	26,749
84.011	3800	WA Superintendent of Public Instruc	20200346	19,723
84.011	3800	Washington State OSPI	20190297	30,126

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84.011	3800	Washington State OSPI	20200233	8,351
84.015	3800	University of Washington	UWSC10271 / BPO36462	70,714
84.027	3750	North Central ESD	1211800007	25,897
84.027	3760	OSPI	0327413	286,105
84.031	3600	HERITAGE UNIVERSITY	A139002 AM2A	36,671
84.031	3600	HERITAGE UNIVERSITY	A139002 AM3	67,939
84.101	6990	The Tulalip Tribes	18190309ESA	173,733
84.101	6990	Tulalip Tribes	V101A010017-03A	49,055
84.126	6990	DSHS	1761-10163	116,535
84.173	3750	North Central ESD	1211800008	3,405
84.206	3600	SAINT JOHN'S UNIVERSITY	35788-02	9,824
84.220	6990	Workforce Snohomish	20EVCCX376CCW	3,494
84.264	3600	SAN DIEGO STATE UNIVERSITY RSCH FNDN	SA0000624 AM02	99,240
84.305	3600	AMERICAN INSTITUTES FOR RESEARCH	03664 MOD05	-352
84.305	3600	AMERICAN INSTITUTES FOR RESEARCH	0440100001 MOD02	178,506
84.305	3600	AMERICAN INSTITUTES FOR RESEARCH	PO#046220001 MOD02	90,606
84.305	3600	GEORGETOWN UNIVERSITY	AWD7772723GR205512AM02	80,233
84.305	3600	UNIVERSITY OF MINNESOTA	A005236402 AM04	59,031
84.305	3600	UNIVERSITY OF MINNESOTA	A005945201 AM02	108,231
84.305	3600	UNIVERSITY OF NOTRE DAME	203618UWB AM01	8,777
84.305	3600	UNIVERSITY OF VERMONT	29338SUB51803 AM04	65,924
84.305	3600	UNIVERSITY OF VIRGINIA	GM10155PO2108312AM04	9,414
84.305	3600	VANDERBILT UNIVERSITY	UNIV58665, AM 4	9,999
84.315	3800	Northwest Indian College	NWIC-21060-SA-M01	121,287
84.324	3600	AMERICAN INSTITUTES FOR RESEARCH	0438500001 MOD02	82,787
84.324	3600	DUQUESNE UNIVERSITY	250911 MOD05	67,340
84.324	3600	VANDERBILT UNIVERSITY	UNIV59791 AM01	12,779
84.367	3650	UNIVERSITY OF CALIF	WACAULFIELDSEED2019	17,100

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84.411	3750	University of California	92-WA02-2018i3WP	23,737
84.411	3750	University of California	92-WA02-2019i3WP	61,879
84.424	6990	ESSA EDCAP	0656735	48,974
84.RD	3600	ABT ASSOCIATES INC	50372	86,738
84.RD	3600	SRI INTERNATIONAL INC	PO31603	83,495
93.067	3600	*UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10524SC AM02	19,205
93.067	3600	CENTRE HAITIEN POUR LE RENFORCEMENT DU S	A149006 AM03	354,561
93.067	3600	CHRISTIAN HEALTH ASSOCIATION OF KENYA	NU2GGH002034- YEAR: 2	125,488
93.067	3600	CHRISTIAN HEALTH ASSOCIATION OF KENYA	UW660444	56,814
93.067	3600	COPTIC HOSPITAL	002-05 AM 006	8,240
93.067	3600	PALLADIUM INTERNATIONAL LLC	217708-ITECH-003	15,866
93.067	3600	PALLADIUM INTERNATIONAL LLC	217708-ITECH-003 MOD03	86,561
93.067	3600	PALLADIUM INTERNATIONAL LLC	217708-ITECH-004 MOD01	69,812
93.067	3600	POPULATION SERVICES INTERNATIONAL	AM#1	17,321
93.067	3600	UNIVERSITY OF MARYLAND BALTIMORE	1802524PO1000000866AM0	58,093
93.067	3600	UNIVERSITY OF MARYLAND BALTIMORE	1802524POSR00005142AM0	26,880
93.068	3600	NATIONAL OPINION RESEARCH CENTER	5996.UWA.01 AM03	51,511
93.068	3600	NATIONAL OPINION RESEARCH CENTER	G157.UWA.01	79,875
93.082	3600	KING COUNTY	1171 CDIP AM04	55,148
93.083	3600	KING COUNTY	1171 CDIP AM03	33,061
93.084	3600	EMORY UNIVERSITY	A061640 AM07	108,994
93.084	3600	UNIVERSITY OF NEW YORK - ALBANY	5-86001	101,897
93.087	3650	CATHOLIC CHARITIES SPOKANE	132359001	99,477
93.103	3030	Association of Food and Drug Officials	5U18FD006280-03	11,725
93.103	3030	Association of Food and Drug Officials	G-1810-01563	13,021
93.103	3030	Association of Food and Drug Officials	G-SE-1904-01683	5,607
93.103	3600	RIGHTANSWER.COM INC	UW635476	71,799

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93.103	3600	TRUMEDICINES	A127475	-13
93.103	3600	TRUMEDICINES	A127475 AM01	9,628
93.103	3600	UNIVERSITY OF KANSAS MEDICAL CENTER RESEARCH INSTITUTE	Z8B00010 AM02	4,515
93.103	3600	UNIVERSITY OF ROCHESTER	417349GURFAOGR510804AM	12,394
93.103	3600	UNIVERSITY OF ROCHESTER	417605GURFAOGR510946AM	62,231
93.103	3600	YALE UNIVERSITY	GR108640CON80002180MOD	13,312
93.110	3030	Association of Public Health Laboratories (APHL)	24299	68,165
93.110	3600	CHILDREN'S HOSPITAL & RSCH CTR OAKLAND	807958.UW.18.1 AM01	-4
93.110	3600	CHILDREN'S HOSPITAL & RSCH CTR OAKLAND	807958.UW.18.1 AM02	5,000
93.110	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1920 G WA101 AM1	15,491
93.110	3600	UNIVERSITY OF VIRGINIA	GB10656PO2121838AM01	6,792
93.113	3600	BOSTON UNIVERSITY	4500002762 AM02	143,808
93.113	3600	COLUMBIA UNIVERSITY	1(GG013047) AM02	14,039
93.113	3600	JOHNS HOPKINS UNIVERSITY	2002301818 AM06	3,189
93.113	3600	JOHNS HOPKINS UNIVERSITY	2003249885 AM03	42,110
93.113	3600	UNIVERSITY OF IOWA	S01464-01	26,767
93.113	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00010622 AM01	96,226
93.113	3600	UNIVERSITY OF NEBRASKA	34-1905-2249-011 AM01	17,318
93.113	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	110056808 AM01	33,312
93.113	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	119081031PO50808901AM0	28,223
93.113	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	80001140 AM03	58,981
93.113	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-16-168 MOD 4	24,197
93.113	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-18-174 MOD-1	323,340
93.113	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-91	110,151
93.113	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-20-253	18,219
93.113	3600	WESTAT INC	6714-00-S00	10,203
93.113	3600	WESTAT INC	6714-00-S002	70,890

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93.113	3600	YALE UNIVERSITY	GR104703CON80001507AM0	41,877
93.118	3600	MISSISSIPPI DEPARTMENT OF HEALTH	SG-1068	36,663
93.121	3600	BRIGHAM AND WOMEN'S HOSPITAL	121660	104,005
93.121	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000965679 AM01	7,040
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	11411SUB MOD04	16,758
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	11527SUB MOD02	4,394
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	11959SUB	1,465
93.121	3600	TECHNOLOGY ASSESSMENT & TRANSFER	UW633543	107,209
93.121	3600	THE FORSYTH INSTITUTE	UWASH023810-2630 AM03	-20,426
93.121	3600	THE FORSYTH INSTITUTE	UWASH023810-2665 AM02	285,693
93.121	3600	THE FORSYTH INSTITUTE	UWASH026186-2635 AM03	89,135
93.121	3600	THE FORSYTH INSTITUTE	WASH020102-2640 AM02	68,618
93.121	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1350 G VD585 AM02	70,723
93.121	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1350 G XC522	43,883
93.121	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9648SC AM03	109,108
93.121	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9648SC AM04	-10,156
93.127	3600	SEATTLE CHILDREN'S HOSPITAL	12174SUB	81,634
93.135	3600	UNIVERSITY OF IOWA	S00635-01	6,452
93.136	3600	VIRGINIA COMMONWEALTH UNIVERSITY	FP00001573_SA001 AM03	3,956
93.136	3650	UNIV OF ID ON FED	DM4127SB818177	49,964
93.142	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	2105 G TA258 AM05	31,475
93.142	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	2105 G TA258 AM06	302,496
93.145	3600	HEALTH RESEARCH INC	5849-03	15,818
93.153	3600	UNIVERSITY OF WASHINGTON	UW633063	1,819
93.153	3600	UNIVERSITY OF WASHINGTON	UW660289	61,683
93.161	3600	AMERICAN ACADEMY OF PEDIATRICS	771120_UW	105,438
93.161	3600	AMERICAN COLLEGE OF MEDICAL TOXICOLOGY	U61TS000238-R10-04	-415

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93.161	3600	AMERICAN COLLEGE OF MEDICAL TOXICOLOGY	U61TS000238-R10-05	68,945
93.172	3600	COLUMBIA UNIVERSITY	1(GG014890-01) AM01	36,927
93.172	3600	ELECTRONIC BIOSCIENCES INC	147NH1C46551R43HG01029	11,264
93.172	3600	ELECTRONIC BIOSCIENCES INC	160NH1C-4652	51,776
93.172	3600	ELECTRONIC BIOSCIENCES INC	160NH2C-4909	60,243
93.172	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-C621-4609	127,345
93.172	3600	JACKSON LABORATORY	210208-0817 AM09	8,687
93.172	3600	JACKSON LABORATORY	210314-0430-03	288,136
93.172	3600	JACKSON LABORATORY	210314-0521-03 AM01	258
93.172	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG002727BUDG04UW00AM0	304,625
93.172	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG209827BUDG01UW01AM0	48,402
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	OOS030229-UW 84069	3,863
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	OOS030229-UW AM07	34,599
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	OOS030229-UW-84068	-566
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	OOS030229UW84053AM05	137,285
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	OOS030229UW84053AM06	735,885
93.172	3600	MATCHSTICK TECHNOLOGIES INC	UW660934	93,325
93.172	3600	NEW YORK GENOME CENTER	UM1-UWASH-4 AM 6	128,219
93.172	3600	NEW YORK GENOME CENTER	UM1-UWASH-4S2R AM07	99,009
93.172	3600	SLOAN KETTERING INST FOR CANCER RESEARCH	BD521791B AM04	85,600
93.172	3600	SLOAN KETTERING INST FOR CANCER RESEARCH	BD521791C AM05	77,998
93.172	3600	SOUTHCENTRAL FOUNDATION	2018-022 AM01	-124
93.172	3600	SOUTHCENTRAL FOUNDATION	2019-073 AM01	17,147
93.172	3600	SOUTHCENTRAL FOUNDATION	2019-214 AM03	112,782
93.172	3600	STANFORD UNIVERSITY	62305015-135394	141,541
93.172	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9936SC AM04	25,369

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93.172	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9936SC AM05	486,584
93.172	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9936SC AM06	535,908
93.172	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	A20-0450-S005 P0727662	248,998
93.172	3600	UNIVERSITY OF MASSACHUSETTS WORCESTER	OSP2017191 AM 5	75,190
93.172	3600	UNIVERSITY OF MASSACHUSETTS WORCESTER	OSP2017191 AM06	62,817
93.172	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC57005 AM5	224,856
93.172	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC63906 AM02	259,540
93.172	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-89-MOD-1	59,298
93.172	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU19115MOD1PO2934479G	406,432
93.173	3600	FLORIDA STATE UNIVERSITY	R02101 AM01	69,072
93.173	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000986725	56,237
93.173	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001023872	52,682
93.173	3600	NORTHWESTERN UNIVERSITY	SP0034193PROJ0009132AM	59,916
93.173	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1005685_UWA AM04	7,087
93.173	3600	TEL AVIV UNIVERSITY	0601146322 AM01	250,415
93.173	3600	TEL AVIV UNIVERSITY	0601146323 AM02	7,388
93.173	3600	TEMPLE UNIVERSITY	260885-UW AM 1	85,256
93.173	3600	TEMPLE UNIVERSITY	260885-UW AM02	42,497
93.173	3600	UNIVERSITY OF COLORADO DENVER	FY19966001PO1001128171	6,181
93.173	3600	UNIVERSITY OF ROCHESTER	417738G/URFAO:GR511053	2,145
93.173	3600	VANDERBILT UNIVERSITY	UNIV58647 AM05	116,619
93.173	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-18-45-MOD-5 AM05	175,336
93.197	3600	OREGON HEALTH AUTHORITY	158689 AM01	76,301
93.211	3600	UNIVERSITY OF MISSISSIPPI MEDICAL CENTER	SP11305	5,421
93.211	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5112962 AM01	112,926
93.213	3600	DUKE UNIVERSITY	A03-2242 AM01	15,126

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93.213	3600	DUKE UNIVERSITY	A03-2547	16,925
93.213	3600	DUKE UNIVERSITY	A03-2882	1,663
93.213	3600	DUKE UNIVERSITY	A030393	31,485
93.213	3600	DUKE UNIVERSITY	A032364	123,382
93.213	3600	DUKE UNIVERSITY	A039025	6,310
93.213	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG210253-BUDG01-UW-00	14,094
93.213	3600	SEATTLE CHILDREN'S HOSPITAL	12051SUB MOD#1	14,157
93.213	3650	STANFORD UNIVERSITY	62266166139496	41,422
93.226	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG209815BUDG01UW00AM0	33,912
93.226	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210018-BUDG02-UW-00	54,949
93.226	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210159-BUDG02-UW-00	3,138
93.226	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5106820 AM03	24,108
93.233	3600	SRI INTERNATIONAL INC	PO41897	125,268
93.233	3650	LA BIOMEDICAL RES INS	15002499	11,961
93.233	3650	UNIVERSITY OF CALIF	A190461S002	54,063
93.233	3650	UNIVERSITY OF PENNSYLVANIA	565843	-1
93.236	3600	MONTANA DEPARTMENT OF PUBLIC HEALTH	19-07-5-01-069-0 AM01	53,738
93.236	3600	MONTANA DEPARTMENT OF PUBLIC HEALTH	19-07-5-01-069-0 AM02	85,820
93.239	3600	UNIVERSITY OF WISCONSIN MADISON	708K094 AM 3	24,556
93.239	3600	UNIVERSITY OF WISCONSIN MADISON	708K094 AM02	15,710
93.239	3600	UNIVERSITY OF WISCONSIN MADISON	878K290 MOD01	13,828
93.242	3600	*UNIVERSITY OF CALIFORNIA SAN DIEGO	67277131 AM004	91,759
93.242	3600	BRIGHAM AND WOMEN'S HOSPITAL	122074 AM01	21,787
93.242	3600	CENTRE FOR INFECTIOUS DISEASE RESEARCH	M101S13F023R01MH115495	25,178
93.242	3600	DARTMOUTH-HITCHCOCK CLINIC	GC10037-00-02 AM01	73,580
93.242	3600	DESMOND TUTU HIV FOUNDATION	NIH-3P-UW-04 MOD06	40,590
93.242	3600	DRVISION TECHNOLOGIES LLC	UW635749	73,876

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93.242	3600	DUKE UNIVERSITY	203-7475 AM01	1
93.242	3600	DUKE UNIVERSITY	A03-2074 AM02	177,575
93.242	3600	DUKE UNIVERSITY	A03-2186 AM03	74,814
93.242	3600	EMORY UNIVERSITY	T740482 AM02	8,675
93.242	3600	FOUNDATION FOR PROFESSIONAL DEVELOPMENT	PRIME: 1R01MH114648-03	16,998
93.242	3600	GEISINGER CLINIC	626514UOW01	50,183
93.242	3600	HARVARD UNIVERSITY	136031-5114480 AM01	47,481
93.242	3600	HARVARD UNIVERSITY	153402.5111011.0002	44,022
93.242	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210241BUDG01UW01AM0	27,629
93.242	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210279BUDG01UW20191	5,404
93.242	3600	KAISER FOUNDATION RESEARCH INSTITUTE, A DIVISION OF KAISER FOUNDATION HOSPITALS	UW664822	3,991
93.242	3600	LYSSNIO INC	123215-UW01	26,421
93.242	3600	MASSACHUSETTS GENERAL HOSPITAL	227381AM051R01MH109309	93,641
93.242	3600	MAYO CLINIC	WAS260070PO66976584	63,274
93.242	3600	MCLEAN HOSPITAL	401664	34,102
93.242	3600	SEATTLE CHILDREN'S HOSPITAL	12185SUB	32,057
93.242	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	CE21-UW-1	34,019
93.242	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	HM41SC-DS11SIBCR	2,269
93.242	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	HM41SC-DS12SIBCR	9,971
93.242	3600	STELLENBOSCH UNIVERSITY	S006256	15,993
93.242	3600	SWEDISH HEALTH SERVICES	223004 B.01 AM04	25,128
93.242	3600	UNIVERSITY OF CALIFORNIA DAVIS	A130027S00220112176203	5,818
93.242	3600	UNIVERSITY OF CALIFORNIA DAVIS	A19-3250-S001	10,856
93.242	3600	UNIVERSITY OF CALIFORNIA IRVINE	2015-3228 AM04	9,495
93.242	3600	UNIVERSITY OF CALIFORNIA IRVINE	2019-3804	37,570
93.242	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1580 G VA719 AM02	28,258
93.242	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	2000 G WE286 AM01	73,329

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93.242	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	97774168 AM02	26,350
93.242	3600	UNIVERSITY OF COLORADO	FY20.1021.002	29,843
93.242	3600	UNIVERSITY OF FLORIDA	UFDSP00011760 AM03	18,992
93.242	3600	UNIVERSITY OF FLORIDA	UFDSP00011984 AM01	727
93.242	3600	UNIVERSITY OF KWAZULU-NATAL	UKZN U19 2017 1 AM03	94,331
93.242	3600	UNIVERSITY OF KWAZULU-NATAL	UKZN U19 2017 1 AM04	675
93.242	3600	UNIVERSITY OF LIVERPOOL	AM03	27,133
93.242	3600	UNIVERSITY OF LIVERPOOL	AMENDMENT 2	5,214
93.242	3600	UNIVERSITY OF MINNESOTA	A006759602 AM01	43,589
93.242	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5111740 AM01	20,140
93.242	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5113535 AM01	18,830
93.242	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5115684	7,862
93.242	3600	UNIVERSITY OF PENNSYLVANIA	568643 AM04	20,125
93.242	3600	UNIVERSITY OF PENNSYLVANIA	576359 AM01	130,878
93.242	3600	UNIVERSITY OF SOUTH CAROLINA	20-3894 PO#2000048236	31,646
93.242	3600	UNIVERSITY OF VIRGINIA	GB10691PO2133382AM02	51,669
93.242	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-18-449 MOD03	83,502
93.242	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-307-MOD-1	28,430
93.242	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-408 AM01	146,672
93.242	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-409 MOD01	29,352
93.242	3600	YALE UNIVERSITY	GR102866CON80001336AM0	105,280
93.242	3650	UNIV OF COLORADO	FY18001018	213,653
93.243	3600	CONFEDERATED TRIBES AND BANDS OF YAKAMA	UW638667	218,902
93.243	3600	JOHNS HOPKINS UNIVERSITY	2004352474 AM1	27,683
93.243	3600	NEIGHBORHOOD HOUSE INC	AM02	914
93.243	3600	RTI INTERNATIONAL	4312021718665733LMOD01	94,637

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93.243	3600	UTAH DEPARTMENT OF HUMAN SERVICES	176076 AM01	-10,952
93.262	3600	MARSHFIELD CLINIC RESEARCH INSTITUTE	606860-00 AM1	4,733
93.262	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1008844_UWA AM03	4,802
93.262	3600	THE CENTER FOR CONSTRUCTION	3001-1110 AM01	75,653
93.262	3600	THE CENTER FOR CONSTRUCTION	UW632734	16,600
93.262	3650	TEXAS A&M UNIVERSITY	M1803758	71,825
93.262	3650	UNIVERSITY OF UTAH	1004688401	5,581
93.262	3700	Center to Protect Workers' Rights	3001-612-01	60,046
93.270	3600	KING COUNTY	1133 PREV AM04	24,001
93.273	3600	ARIZONA STATE UNIVERSITY	ASUB00000065 AM01	28,830
93.273	3600	BOSTON MEDICAL CENTER	7584	29,056
93.273	3600	BOSTON MEDICAL CENTER	BMC ID 6205 AM01	11,138
93.273	3600	BUTLER HOSPITAL	9132-8389 AM04	25,661
93.273	3600	CORNELL UNIVERSITY NEW YORK	69951-10233 AM05	2,112
93.273	3600	EMORY UNIVERSITY	A224676	111,473
93.273	3600	EMORY UNIVERSITY	A337174 AM04	10,238
93.273	3600	EMORY UNIVERSITY	T969838AM25U01AA026108	1,433
93.273	3600	RHODE ISLAND HOSPITAL	7017137290 AM02	19,030
93.273	3600	SAN DIEGO STATE UNIVERSITY RSCH FNDN	SA0000640	1,902
93.273	3600	SAN DIEGO STATE UNIVERSITY RSCH FNDN	SA0000640 AM02	90,632
93.273	3600	SCRIPPS RESEARCH INSTITUTE	5-54169	1,376
93.273	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000512064-001 AM-A03	72,486
93.273	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000512064-001 AM-A04	28,091
93.273	3600	UNIVERSITY OF MINNESOTA	A007398902 AM1	26,240
93.273	3600	UNIVERSITY OF NEW MEXICO	028400-874J AM001	19,933
93.273	3600	UNIVERSITY OF NORTH TEXAS HSC	RF00123-2018-0189 AM 1	11,965
93.273	3600	UNIVERSITY OF NORTH TEXAS HSC	RF00123-2018-0189 AM04	72,253
93.273	3600	UNIVERSITY OF NORTH TEXAS HSC	RF00143-2018-0407 AM01	43,793

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93.273	3600	UNIVERSITY OF WISCONSIN MADISON	806K374 AM02	14,362
93.273	3650	MANAGED HEALTH CONNECTIONS LLC	132687002	48,933
93.273	3650	UNIVERSITY OF CALIF	10532SC	14,196
93.279	1070	Stanford University	7R01DA037222	88,154
93.279	3600	BOSTON MEDICAL CENTER	4457 AM06	69,037
93.279	3600	BOSTON MEDICAL CENTER	BMC ID 7331 AM01	58,606
93.279	3600	BROWN UNIVERSITY	00001143 AM02	9,248
93.279	3600	BROWN UNIVERSITY	00001314 AM01	11,280
93.279	3600	EMOCHA MOBILE HEALTH INC	AM02PRIME1R44DA0440530	161,265
93.279	3600	EMORY UNIVERSITY	T855321AM021R01DA04561	36,393
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	97015-B AM04	9,470
93.279	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000988409 AM03	50,934
93.279	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG210129-BUDG01-UW	32,872
93.279	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG210129-UW AM01	10,030
93.279	3600	KAISER FOUNDATION RESEARCH INSTITUTE	PRIMER01DA04212402AM02	25,338
93.279	3600	MCLEAN HOSPITAL	401655	37,627
93.279	3600	OREGON SOCIAL LEARNING CENTER INC	UW633726	15,760
93.279	3600	RTI INTERNATIONAL	1312021663465463LMOD01	15,178
93.279	3600	SAINT LOUIS UNIVERSITY	ERS# 21987-44197 AM01	22,571
93.279	3600	SEATTLE CHILDREN'S HOSPITAL	12195SUB MOD01	55,680
93.279	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000517103-003 AMA01	104,202
93.279	3600	UNIVERSITY OF BRITISH COLUMBIA	20R02581	14,238
93.279	3600	UNIVERSITY OF ILLINOIS CHICAGO	17880	793
93.279	3600	UNIVERSITY OF MIAMI	SPC-000803	80,695
93.279	3600	UNIVERSITY OF MIAMI	SPC-000803 AM02	64,215
93.279	3600	UNIVERSITY OF MINNESOTA	D007614702 AM01	31,569
93.279	3600	UNIVERSITY OF MINNESOTA	P006920802	29,843

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93.279	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	61875882AM065P01DA0357	13,839
93.279	3600	UNIVERSITY OF UTAH	10045277-01 AM01	30,476
93.279	3600	YALE UNIVERSITY	GR109739CON80002401	7,575
93.279	3650	LEGACY HEALTH SYSTEM	2019BAS05	8,408
93.279	3650	UNIV OF CINCINNATI	011130003	25,507
93.279	3650	UNIV OF N CAROLINA CHAPEL HILL	5034602	22,697
93.279	3650	UNIVERSITY OF CALIF	11725SC	1,620
93.279	3650	UNIVERSITY OF TEXAS DALLAS	1705601	16,019
93.286	3600	INDIANA UNIVERSITY	BL4648731UW AM03	27,624
93.286	3600	NORTHWESTERN UNIVERSITY	60053814 UW	46,667
93.286	3600	UNIVERSITY OF TEXAS AUSTIN	UTA17-000891 AM02	1,140
93.286	3650	ADAPTELLIGENCE LLC	134822002	51,900
93.286	3650	CLEVELAND CLINIC FOUNDATION	1254SUB	79,326
93.286	3650	RADIATION DETECTION TECH	135610002	36,474
93.286	3760	Cornell Univ.	1R01EB027895-01	38,463
93.307	3600	COLUMBIA UNIVERSITY	1(GG011834-06) AM08	195,403
93.307	3600	COLUMBIA UNIVERSITY	1(GG011834-07) AM09	31,590
93.307	3600	COLUMBIA UNIVERSITY	1(GG012238-02) AM01	21,603
93.307	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210374-UW-01	14,959
93.307	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1920 G XA148	57,552
93.307	3600	UNIVERSITY OF MASSACHUSETTS WORCESTER	OSP2017201 AM03	56,018
93.307	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5109073 MOD03	252,651
93.307	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5109076 AM02	120,199
93.307	3600	UNIVERSITY OF PENNSYLVANIA	577433 AM01	60,848
93.307	3600	UNIVERSITY OF TEXAS AUSTIN	UTA19-001247	5,900
93.310	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	311197	5,118
93.310	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	311572 AM01	14,741

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93.310	3600	BROAD INSTITUTE INC	56102265500000695AM12	178,115
93.310	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S408790	2,210
93.310	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S408790 AM01	779,749
93.310	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	UW637163	-17,926
93.310	3600	DREXEL UNIVERSITY	800175 AM03	36,050
93.310	3600	DREXEL UNIVERSITY	900037 AM05	130,527
93.310	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC75277	29,701
93.310	3600	WESTAT INC	6366-SO1 MOD04	27,528
93.322	3600	ASSOC OF PUBLIC HEALTH LABORATORIES INC	56401-200-944-20-09	16,449
93.350	3600	HARVARD UNIVERSITY	15318551130260211AM01	21,965
93.350	3600	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	16A00000700001AM01	-5,249
93.350	3600	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	16A00000700001AM02	14,421
93.350	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1011902_UWA AM01	-2,315
93.350	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1011902_UWA AM03	508,865
93.350	3600	SEATTLE CHILDREN'S HOSPITAL	12105SUB	5,261
93.350	3600	SEATTLE CHILDREN'S HOSPITAL	12147SUB	23,064
93.350	3600	UNIVERSITY OF PITTSBURGH	AWD0000024313262717	31,500
93.350	3600	UNIVERSITY OF PITTSBURGH	AWD0000024313444517	2,452
93.351	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1008419_UWA AM03	35,179
93.351	3600	UNIVERSITY OF MIAMI	SPC-000853 MOD01	185,935
93.353	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000976536	3,500
93.353	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001003179	9,095
93.353	3600	SLOAN KETTERING INST FOR CANCER RESEARCH	BD522497C AM04	73,253
93.353	3600	SLOAN KETTERING INST FOR CANCER RESEARCH	PO# BD522497B AM03	13,278
93.361	3600	BAYLOR COLLEGE OF MEDICINE	7000000671 AM02	262,321
93.361	3600	CASE WESTERN RESERVE UNIVERSITY	RES513808 AM02	88,843

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93.361	3600	SEATTLE CHILDREN'S HOSPITAL	11964SUB MOD01	29,422
93.361	3600	SOUTHCENTRAL FOUNDATION	2016-158	-721
93.361	3600	UNIVERSITY OF CALIFORNIA IRVINE	2018-3654 AM01	9,494
93.361	3600	UNIVERSITY OF COLORADO	FY1910500425A6980AMD1	19,605
93.361	3600	UNIVERSITY OF NEW MEXICO	3RZ32 AM 4	43,257
93.361	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5106244 AM05	116,847
93.361	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5112454 AM01	16,981
93.361	3650	UNIV OF N CAROLINA CHAPEL HILL	5106247	11,599
93.393	3600	ARIZONA STATE UNIVERSITY	16-837 AM05	18,470
93.393	3600	ARIZONA STATE UNIVERSITY	17-093 AM04	33,721
93.393	3600	CHILDREN'S HOSPITAL OF PHILADELPHIA	3210720420 AM05	100,733
93.393	3600	COLUMBIA UNIVERSITY	6(GG012814-02) AM01	4,491
93.393	3600	COLUMBIA UNIVERSITY	6(GG012814-02) AM03	53,506
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000915889 MOD01	2,419
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000954435	8,069
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000956388 AM01	9,901
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967418 AM01	32,206
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000969098	2,467
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000975148	48,807
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000975149	225,691
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000975442	23,392
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000976610	12,411

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93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977455 AM01	22,944
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000978723	7,639
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980371 AM01	29,722
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980373 AM01	25,807
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980374 AM01	23,745
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980423 AM01	14,241
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980424 AM01	16,284
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001000625	15,884
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001000626	8,287
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001004578 AM01	69,925
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001004667	14,363
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001020618	6,334
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001023364 AM01	55,442
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024338	6,951
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024339	8,347
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024340	6,253
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024473	3,675
93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001025538	6,971

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93.393	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001026466	2,665
93.393	3600	HARVARD PILGRIM HEALTH CARE INC	AH000632 AM03	88,172
93.393	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210178-BUDG01-UW-00	100,277
93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	116071-5089696 AM08	41,590
93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	116071-5089696 AM10	205,417
93.393	3600	PENNSYLVANIA STATE UNIVERSITY	UWCA237153	48,714
93.393	3600	SEATTLE CHILDREN'S HOSPITAL	11042SUB MOD05	65,249
93.393	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	CK11-WE3-1-SIBCR	2,909
93.393	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ116-GJ1-1-SIBCR	4,567
93.393	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ116-MIRANG-1-SIBCR	13,775
93.393	3600	UNIVERSITY OF CALIFORNIA DAVIS	201603696-13 AM 2	109,757
93.393	3600	UNIVERSITY OF CALIFORNIA DAVIS	201603696-13 AM03	10,021
93.393	3600	UNIVERSITY OF CALIFORNIA DAVIS	201603696-13, AM1	1
93.393	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1557 G VC172 AM02	330,924
93.393	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1557 G WA025 AM01	129,919
93.393	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	A20-0145-S001 P0726832	7,927
93.393	3600	UNIVERSITY OF DELAWARE	44956 AM03	16,336
93.393	3600	UNIVERSITY OF UTAH	10043057-02 AM03	24,696
93.393	3600	UNIVERSITY OF VERMONT	AWD00000046SUB00000019	5,133
93.393	3600	WAKE FOREST UNIVERSITY	101730-114410 AM01	3,162
93.394	3600	BAYLOR COLLEGE OF MEDICINE	PO 7000000939	33,570
93.394	3600	DOTQUANT LLC	UW661993	68,616
93.394	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	1671 AM05	38,756
93.394	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	1671 AM06	2,519
93.394	3600	EMORY UNIVERSITY	A275038 AM04	22,103
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000905469 AM01	61,491

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93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000940026 AM01	8,146
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000981191	14,854
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000986195	135,018
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000988948	80,324
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000989797	159,211
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000993399	41,622
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994309	6,584
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001002312	22,135
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001002346	50,523
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001006789	212,429
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001006855	22,413
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001011467	120,823
93.394	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001022829	5,705
93.394	3600	KITWARE INC	K001416-00-S01 MOD3	-4,826
93.394	3600	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	5710004063 AM04	257,400
93.394	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	ME11-ME1-2-SIBCR	11,234
93.394	3600	TEXAS A&M UNIVERSITY CORPUS CHRISTI	M1903703	26,480
93.394	3600	TWIN STRAND BIOSCIENCE INC	TSUW-02	14,382
93.394	3600	TWIN STRAND BIOSCIENCE INC	UW637711	181,035
93.394	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1557 G VB811 AM02	163,574
93.394	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10048SC AM03	42,113

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93.394	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11124SC	36,143
93.394	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11124SC AM01	41,608
93.394	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9770SC AM03	58,613
93.394	3600	UNIVERSITY OF PENNSYLVANIA	569007 AM03	13,260
93.394	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	164145/163478 AM03	134
93.394	3600	VERAVANTI INC	UW663483	36,486
93.394	3600	WEILL MEDICAL COLLEGE OF CORNELL UNIV	183677-03 AM04	8,364
93.395	3600	BECKMAN RSCH INST OF THE CITY OF HOPE	600532003607669302AM02	715
93.395	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0307704S01	85,305
93.395	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0307705S01	30,397
93.395	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	UW BUD# 1634898	14,505
93.395	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	UW634898	10,265
93.395	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	UW660717	12,820
93.395	3600	DYNAFLOW INC	2M18022-1-UW MOD02	97,844
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA180820-06-WASH1C	17,342
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA180820-06-WASH2C	10,000
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA18082006WASH1CAM0	6,014
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA18082006WASH2CAM0	5,132
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000944765 AM01	-5,963
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000954064	1,047
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000960491 AM01	21,625

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93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000972022	27,669
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000973594 AM01	57,199
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000974636	13,072
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000978583	5,769
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979045 AM01	20,290
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000983567 AM01	76,987
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000988950	22,442
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000998310	13,194
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001015476	110,072
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016826	9,687
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001017686	3,403
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001020248	18,973
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001021039	9,109
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028258	1,687
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	0000933273 AM01	-41,042
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	0000984625	114,976
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663074	16,334
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663076	670
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663179	1,117

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93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663618	675
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663621	10,359
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	UW663936	484
93.395	3600	GEORGIA INSTITUTE OF TECHNOLOGY	AWD102398G1AM02PO50066	31,067
93.395	3600	MAYO CLINIC	UNI-198769-07 AM07	51,823
93.395	3600	NATL INST OF HLTH	R01 CA 189163 AM11	-76
93.395	3600	NRG ONCOLOGY INC	GY012-SWISHER-GY6	6,971
93.395	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013080-002_UWA	89,990
93.395	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013080_UWA	66,180
93.395	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013080_UWA AM01	35,938
93.395	3600	PAI LIFE SCIENCES INC	UW662579	73,042
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11512SUB MOD03	1,959
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11512SUB MOD04	36,109
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11539SUB MOD03	192,225
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11539SUB MOD04	356,373
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11540SUB MOD04	1,829
93.395	3600	SEATTLE CHILDREN'S HOSPITAL	11572SUB AM05	26,817
93.395	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BW217BW21SIBCR	797
93.395	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BW217BW22SIBCR	797
93.395	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ13GJ13SIBCR MOD01	12,985
93.395	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ15-GJ1-4-SIBCR	7,612
93.395	3600	SLOAN KETTERING INST FOR CANCER RESEARCH	229411 AM04	-4,992
93.395	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1568 G XA118 AM01	10,798
93.395	3650	SEATTLE CHILDREN'S RESEARCH	11515SUB	105,642
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01061459	123,434

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93.396	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000957456	1,787
93.396	3600	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	18-A1-00-1000999	34,274
93.396	3600	NEW YORK UNIVERSITY SCHOOL OF MEDICINE	18-A1-00-1000999 AM02	100,611
93.396	3600	OHIO STATE UNIVERSITY	60068579 AM01	120,995
93.396	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1719 G XB208	99,105
93.396	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5116558	154,278
93.397	3600	FRED HUTCH/UNIVERSITY OF WASHINGTON CANCER CONSORTIUM	0001032202	29,736
93.397	3600	FRED HUTCH/UNIVERSITY OF WASHINGTON CANCER CONSORTIUM	UW661544	10,585
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000955910	-15,835
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000956821	3,786
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000957961	48,060
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000958053	2,893
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000958054	8,827
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000958170 AM01	57,118
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963455	-42,014
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963456	42,785
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963457	11,896
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963458	52,770
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963459	44,632
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000964115	141,051

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93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000974245 AM01	37,380
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000975529	14,316
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000975644	63,375
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977579	113,523
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977580	69,734
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977593	120,638
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000978703	19,943
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979143	83,336
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979144 AM01	20,223
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979146	3,623
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979147	12,336
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979302	3,461
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979308	-6,767
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979309	41,837
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979310	52,812
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979390	14,606
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000979972	15,475
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000980983	228,552

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93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000981355	50,565
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000983563	21,114
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000984331	36,494
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000984332	-2,417
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000984810	68,569
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000986914	44,992
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994913	46,702
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000999900	18,336
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001000890	19,230
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001000940	12,508
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001000945 AM01	190,283
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001002655	145,029
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001006454	54,892
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016340	15,435
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016345	247,383
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016348	85,805
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016367	65,808
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016371	192,659
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016418	136,168

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93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001017915	7,471
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024064	7,190
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001026127	11,954
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028344	6,079
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028734	15,010
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028745	18,241
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028746 AM01	1,190
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028747 AM01	83,752
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028765	4,625
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028774	3,595
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028781	1,282
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028805	15,378
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028806	7,668
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029054	22,489
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029270	61,462
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029409	73,037
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029410	28,268
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029411	60,721

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93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029412	13,905
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029424	2,011
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001030056	21,542
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001030088	38,238
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001030731 AM01	2,965
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001031377	3,752
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001031378	21,061
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001032111	13,026
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001032163	33,666
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	SA1901500	5,256
93.397	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2018.0009 AM02	181,491
93.397	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2018.0009 MOD01	15,063
93.397	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3004538756 AM04	131,940
93.397	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-20-252	3,871
93.398	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001016440	67,180
93.421	3030	Association of State and Territ	24171	57,696
93.421	3030	Association of State and Territ	24225	11,917
93.421	3030	Council of State &	24350	7,500
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	C1440	47,964
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1288 AM#1	23,386
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1289 AM#1	27,916

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93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1290 AM#1	45,780
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1291 AM#1	187,154
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1468	51,189
93.421	3600	NATIONAL NETWORK OF PUBLIC HEALTH INST	G1511	120,636
93.421	3600	NATL ASSOC OF CHRONIC DISEASE DIRECTORS	0052020	78,404
93.421	3600	NATL ASSOC OF CHRONIC DISEASE DIRECTORS	0742019	151,266
93.433	3600	CARNEGIE MELLON UNIVERSITY	1090562-409090	-22,197
93.433	3600	CARNEGIE MELLON UNIVERSITY	1090604-422918	13,602
93.433	3600	CRAIG HOSPITAL	2694-UWBY1	37,781
93.433	3600	CRAIG HOSPITAL	2694-UWBY2	86,898
93.433	3600	MEMORIAL HERMANN HEALTH SYSTEM	19-1800 AM01	3,515
93.433	3600	MEMORIAL HERMANN HEALTH SYSTEM	2020YR31800UWASHADAPAR	9,563
93.433	3600	SHIRLEY RYAN ABILITYLAB	7258	34,357
93.433	3600	SHIRLEY RYAN ABILITYLAB	7258 AM01	206,790
93.433	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000513370-002 AM03	2,354
93.433	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000513370-002 AM04	26,400
93.434	3600	CALIFORNIA DEPARTMENT OF EDUCATION	19 15443 26980 00 AM01	144,869
93.434	3650	IDAHO ASSOC FOR ED YOUNG CHI	138375001	18,237
93.470	3600	STATE OF OREGON	158394 AM01	24,399
93.508	3600	UNITED INDIANS OF ALL TRIBES FOUNDATION	A71880 MOD09	39,111
93.527	3600	KING COUNTY	3965 CHS	76,413
93.527	3600	KING COUNTY	5124 CHS	54,100
93.556	3700	Idaho Dept of Health & Welfare	KC267300	75,266
93.556	3700	Idaho Dept of Health & Welfare	KC281800	63,967
93.558	6990	DSHS	1865-33449	687,975
93.558	6990	Greater Columbia Allied Health	C18-181	88

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93.576	6990	DSHS	1665-77400	63,038
93.600	3600	ZERO TO THREE	2018090433	106,278
93.600	3600	ZERO TO THREE	2018090434	63,122
93.600	3600	ZERO TO THREE	2018090434 AM02	231,125
93.600	3600	ZERO TO THREE	2019100011	317,708
93.600	3600	ZERO TO THREE	2019100012 A01	897,798
93.600	3600	ZERO TO THREE	2019100018	230,831
93.600	6990	Olympic ESD	no contract # given	495,453
93.600	6990	PSD	1550	189,450
93.600	6990	Puget Sound ESD	09854	1,352,675
93.600	6990	Puget Sound ESD	10723	19,292
93.600	6990	Puget Sound ESD	Early Headstart	99,397
93.600	6990	Puget Sound ESD	Headstart	118,096
93.612	3650	NEZ PERCE TRIBE FED FLOW	WSU003561	26,016
93.639	3600	AMERICAN PSYCHIATRIC ASSOCIATION	UW635213	92,230
93.645	3700	Idaho Dept of Health & Welfare	#1C100800	30,643
93.645	3700	Idaho Dept of Health & Welfare	1C107900	24,460
93.652	3600	SPAULDING FOR CHILDREN	90CO1134-02-01 (PRIME)	68,114
93.652	3600	SPAULDING FOR CHILDREN	UW635235	47,731
93.652	3600	SPAULDING FOR CHILDREN	UW660712	130,127
93.652	3600	SPAULDING FOR CHILDREN	UW661244	18,851
93.652	3600	SPAULDING FOR CHILDREN	UW661680	47,151
93.658	3700	Idaho Dept of Health & Welfare	KC261400	115,989
93.658	3700	Idaho Dept of Health & Welfare	KC278400	482,651
93.658	3700	Idaho Dept of Health & Welfare	KC279000	1,004,966
93.772	3600	CHEROKEE NATION PUBLIC HEALTH	PO# 237271 AM01	300,132
93.837	3600	ARIZONA STATE UNIVERSITY	ASUB00000241 AM01	30,824
93.837	3600	BRIGHAM AND WOMEN'S HOSPITAL	PS#224978 MOD06	13,422

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93.837	3600	COLUMBIA UNIVERSITY	1(GG010998-07) AM05	36,142
93.837	3600	COLUMBIA UNIVERSITY	3(GG011046-05) AM04	63,204
93.837	3600	DUKE CLINICAL RESEARCH INSTITUTE (DCRI)	177494218214226028AM02	34,404
93.837	3600	DUKE UNIVERSITY	A033025	60,501
93.837	3600	DUKE UNIVERSITY	A039010	53,430
93.837	3600	HABIT DESIGN INC	A138591	89,593
93.837	3600	HARVARD UNIVERSITY	164592-5111972 AM01	36,700
93.837	3600	JOHNS HOPKINS UNIVERSITY	2003928666 AM02	91,237
93.837	3600	JOHNS HOPKINS UNIVERSITY	2004073037	6,377
93.837	3600	JOHNS HOPKINS UNIVERSITY	2004073037 AM01	38,752
93.837	3600	JOHNS HOPKINS UNIVERSITY	2004337131	21,382
93.837	3600	KAISER PERMANENTE	OOS030150-UOW-02 AM04	366,747
93.837	3600	MICHIGAN STATE UNIVERSITY	RC109668UW AM01	53,110
93.837	3600	NANOSURFACE BIOMEDICAL INC	A130787	197,985
93.837	3600	NANOSURFACE BIOMEDICAL INC	UW663699	63,490
93.837	3600	NEW ENGLAND RESEARCH INSTITUTES, INC. (NERI)	MOD 05	1,035
93.837	3600	NEW YORK UNIVERSITY	001501 AM04	2,419
93.837	3600	NORTHWESTERN UNIVERSITY	60043933 UW AMA03	65,644
93.837	3600	OHIO STATE UNIVERSITY	60071065 AM01	3,014
93.837	3600	OHIO STATE UNIVERSITY	60071090 AM01	300,112
93.837	3600	OHIO STATE UNIVERSITY	60071091 AM01	22,880
93.837	3600	OHIO STATE UNIVERSITY	60073569	3,977
93.837	3600	OHIO STATE UNIVERSITY	60077277 AM02	1,262
93.837	3600	OHIO STATE UNIVERSITY	60077278 AM03	3,386
93.837	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1005697_UW AM03	-3
93.837	3600	RTI INTERNATIONAL	7312021703065767LMOD01	5,048
93.837	3600	SEATTLE CHILDREN'S HOSPITAL	11351SUB MOD07	132,134

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93.837	3600	SEATTLE CHILDREN'S HOSPITAL	11351SUB MOD08	1,896
93.837	3600	SEVEN BRIDGES GENOMICS INC	AM01	133,706
93.837	3600	THOMAS JEFFERSON UNIVERSITY	080-18007-S27801 AM03	310,197
93.837	3600	TUFTS UNIVERSITY	10019000001HH4010AM02	91,946
93.837	3600	TUFTS UNIVERSITY	10174200001HH5920AM03	137,607
93.837	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000518176-001 AM A05	3,960
93.837	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	122387691 POS9002468	91,942
93.837	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9102SC AM04	158,131
93.837	3600	UNIVERSITY OF CHICAGO	FP065347-02-PR AM01	41,569
93.837	3600	UNIVERSITY OF ILLINOIS CHICAGO	17356	6,383
93.837	3600	UNIVERSITY OF ILLINOIS CHICAGO	17356-01	31,618
93.837	3600	UNIVERSITY OF IOWA	S00450-01 AM01	5,303
93.837	3600	UNIVERSITY OF IOWA	S00450-01 AM02	1,346
93.837	3600	UNIVERSITY OF MINNESOTA	N005339720 AM02	28,137
93.837	3600	UNIVERSITY OF MINNESOTA	P005875701 AM02	21,801
93.837	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5113177 AM01	31,794
93.837	3600	UNIVERSITY OF PITTSBURGH	CNVA000504701273911AM0	69,694
93.837	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	0012348C AM01	24,385
93.837	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	0013892A	32,282
93.837	3600	UNIVERSITY OF VIRGINIA	GB10586.159200 AM01	28,259
93.837	3600	UNIVERSITY OF WISCONSIN MADISON	867K764 AM2	44,489
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	UW665196	68
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 59443 AM 3	618
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 59443 AM04	63,096
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 59733	2,429
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 59733 AMEND 1	1,011
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC58612 AM02	-19,642

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93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC58612 AM06	64,741
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC59733	185,508
93.837	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC59733 AM05	581,712
93.837	3600	WAKE FOREST UNIVERSITY	100720-114489 AM04	166,234
93.837	3600	WAKE FOREST UNIVERSITY	WUHS 116829 AM03	-21,336
93.837	3600	YALE UNIVERSITY	GR105731CON80001726AM0	93,423
93.837	3650	UNIVERSITY OF ARIZONA	3011860	296
93.837	3800	Emory University	A051237	17
93.838	3600	BRIGHAM AND WOMEN'S HOSPITAL	122287	9,330
93.838	3600	CARNEGIE MELLON UNIVERSITY	1090409-334683 AM04	-29
93.838	3600	CINCINNATI CHILDREN'S HOSP MEDICAL CTR	303862 AM1	145,320
93.838	3600	COLUMBIA UNIVERSITY	2(GG011662-01) AM02	10,821
93.838	3600	COLUMBIA UNIVERSITY	2(GG012782-07) AM02	68,284
93.838	3600	COLUMBIA UNIVERSITY	4(GG010919-05) AM05	43,730
93.838	3600	INTERMOUNTAIN HEALTHCARE INC	AM02	18,097
93.838	3600	MASSACHUSETTS GENERAL HOSPITAL	229960 MOD04	653,198
93.838	3600	MASSACHUSETTS GENERAL HOSPITAL	235341	40,840
93.838	3600	MASSACHUSETTS GENERAL HOSPITAL	236477	66,942
93.838	3600	NORTHSHORE UNIVERSITY HEALTHSYSTEM FNDN	EH17-325-S4 AM02	62,837
93.838	3600	SEATTLE CHILDREN'S HOSPITAL	12075 SUB MOD01	63,255
93.838	3600	SEATTLE CHILDREN'S HOSPITAL	12173SUB	6,958
93.838	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD222-BARROC-1-SIBCR	239
93.838	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD222GLEASE1SIBCR	112
93.838	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD222GLEASE2SIBCR	1,436
93.838	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD222PLUMLR4SIBCR	136
93.838	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD222PLUMLR5SIBCR	1,238
93.838	3600	UNIVERSITY OF IOWA	S00062 AM02	44,787

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93.838	3600	UNIVERSITY OF IOWA	S00062-02 AM04	23,563
93.838	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00008473	5,157
93.838	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00008473 AM01	30,312
93.838	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5116145	46,388
93.838	3600	UNIVERSITY OF PITTSBURGH	00352001299073AM01	-14
93.838	3600	UNIVERSITY OF PITTSBURGH	901254913169229AM01	-49
93.838	3600	UNIVERSITY OF PITTSBURGH	CNVA0004669113310629AM	10,300
93.838	3600	UNIVERSITY OF VERMONT	31438-01-004SUB-0005	-1,748
93.838	3600	UNIVERSITY OF VERMONT	3143801004SUB0005AM05	-3,923
93.838	3600	UNIVERSITY OF VERMONT	3143801004SUB0005AM06	24,072
93.838	3600	UNIVERSITY OF WISCONSIN MADISON	0000000152	103,214
93.838	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-105-MOD-1	24,055
93.839	3600	BLOODWORKS NORTHWEST	883-UW-2019	7,428
93.839	3600	BLOODWORKS NORTHWEST	883-UW-2019 AM02	9,699
93.839	3600	BLOODWORKS NORTHWEST	895-UW-2020	36,671
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000846587 AM04	218
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000951722 AM02	11,360
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000969256	45,597
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000998786	212,404
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001002754	321,485
93.839	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001021336	47,431
93.839	3600	OPTICYTE INC	UW664504	22,737
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	11899SUB MOD02	34,006
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	12003SUB	13,170

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93.839	3600	SEATTLE CHILDREN'S HOSPITAL	12004SUB MOD01	14,992
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	12145SUB MOD01	122,745
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	12146SUB1	90,371
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	12265SUB	16,554
93.839	3600	UNIVERSITY OF CHICAGO	FP066598-B AM02	15,273
93.839	3600	UNIVERSITY OF CHICAGO	FP066598-D AM01	2,193
93.839	3600	UNIVERSITY OF COLORADO	FY18878004FY19878004AM	77,136
93.839	3600	UNIVERSITY OF COLORADO	FY18878004FY20878004AM	31,001
93.839	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5112806 AM01	52,646
93.839	3600	UNIVERSITY OF ROCHESTER	417287GURFAOGR510757AM	178,082
93.839	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	75103107 AM05	286,040
93.839	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	0013267D AM01	53,465
93.839	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	0014251A	10,599
93.839	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	SA0000420	25,482
93.839	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	SA0000533 AM02	63,662
93.839	3600	UNIVERSITY OF VERMONT	33108SUB52859 AM01	37,073
93.839	3600	VITALANT RESEARCH INSTITUTE	11685UW147 AM01	9,803
93.839	3650	FRED HUTCHINSON CANCER RSCH FE	0001004672	4,528
93.840	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	AD226SHAHRS1SIBCRM01	17,330
93.846	3600	HEBREW REHABILITATION CENTER	90077 AM02	17,826
93.846	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-1291-4609 AM01	27,081
93.846	3600	IN SITU THERAPEUTIC SOLUTIONS INC	UW660355	64,266
93.846	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ11GJ14SIBCR	2,238
93.847	3600	*SEATTLE CHILDREN'S HOSPITAL	11334SUB MOD04	6,773
93.847	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	310859 AM08	99,525
93.847	3600	ALTIS BIOSYSTEMS INC	UW663868	251,337
93.847	3600	ARIZONA STATE UNIVERSITY	16-924 AM05	18,141

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93.847	3600	AUGUSTA UNIVERSITY	32307-3 AM02	7,851
93.847	3600	AUGUSTA UNIVERSITY	32307-34 AM01	65,389
93.847	3600	AUGUSTA UNIVERSITY	32307-43	9,956
93.847	3600	AUGUSTA UNIVERSITY	32307-49	47,356
93.847	3600	AUGUSTA UNIVERSITY	32307-6 AM01	-3,705
93.847	3600	BAYLOR COLLEGE OF MEDICINE	5R01DK053456-17	10,199
93.847	3600	BRIGHAM AND WOMEN'S HOSPITAL	114959	2,972
93.847	3600	BROWN UNIVERSITY	00001054 AM03	17,519
93.847	3600	BROWN UNIVERSITY	00001250 AM02	49,173
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	1046-SUB	2,451
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	1082-SUB	14,638
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	1329-SUB AM03	125,474
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	1348-SUB AM03	79,282
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES512841 AM02	16,755
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES513286	37,416
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES513286 AM01	-65,663
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES514013	28,045
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES514453 AM01	300,918
93.847	3600	CROSSLIFE TECHNOLOGIES INC	UW662724	54,310
93.847	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	00009492295RC2DK114777	37,435
93.847	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001009385	90,882
93.847	3600	GEORGE WASHINGTON UNIVERSITY	17-D17 AM02	447,719
93.847	3600	GEORGE WASHINGTON UNIVERSITY	S-DPP1920-JC02MOD1	350,035
93.847	3600	HEALIONICS CORPORATION	UW637175	20,869
93.847	3600	INDIANA UNIVERSITY	8095 AM01	424,781
93.847	3600	JAEB CENTER FOR HEALTH RESEARCH, INC. (JCHR)	UW663833	4,433

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93.847	3600	JOHNS HOPKINS UNIVERSITY	2003992125 AM01	33,317
93.847	3600	JOSLIN DIABETES CENTER	100069 AM02	2,702
93.847	3600	KAISER FOUNDATION RESEARCH INSTITUTE	2018114478	1,673
93.847	3600	KAISER FOUNDATION RESEARCH INSTITUTE	2019117057	143,607
93.847	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG003044BUDG03UW03AM0	60,676
93.847	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG209700-02 AM02	4,773
93.847	3600	KAISER PERMANENTE	CS113409_UOW AM03	3,469
93.847	3600	KAISER PERMANENTE	CS113409UOWOOS030112AM	17,195
93.847	3600	LOYOLA UNIVERSITY CHICAGO	206423 AM04	7,383
93.847	3600	MASSACHUSETTS GENERAL HOSPITAL	226142 AM10	28,619
93.847	3600	ROCKEFELLER UNIVERSITY	3R01DK113375-02S1	-504
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	11097SUB	1,132
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	11097SUB MOD06	73,277
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	11866SUB	1,572
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	12180SUB MOD01	45,305
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	12199SUB MOD01	91,224
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638885	1,860
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638886	7,135
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638887	8,595
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638888	6,486
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638889	7,784
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638890	1,328
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638891	4,797
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638892	2,910
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638893	8,634
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638894	5,823
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1638895	2,869
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW BUD# 1639221	1,690

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93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638885	41,976
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638886	53,165
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638887	63,548
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638888	107,797
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638889	79,731
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638890	16,626
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638891	22,099
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638892	94,861
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638893	108,967
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638894	124,219
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW638895	33,379
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	UW639221	19,433
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BJ211-BJ2-3-SIBCR	5,904
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BJ211-SIKKEC-1-SIBCR	4,022
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BJ211-SIKKEC-2-SIBCR	8,579
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BJ211BJ22SIBCRM01	7,676
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	HR15HR18SIBCR	14,321
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	HR15HR19SIBCR	14,423
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121-BE1-9SIBCR	7,433
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121-SOCHAJ-10SIBCR	28,430
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121-SOCHAJ-11-SIBCR	16,761
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121BE110SIBCR	5,310
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141-LOVATO-7-SIBCR	12,359
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141-PJ1-6-SIBCR	-950
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141-PJ1-7-SIBCR	2,533
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141-UW-7 AM01	861
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141-UW-8 AM01	410,202
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141WFUKS14SIBCR	2,140

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93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS141WFUKS15SIBCR	6,214
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16-SOCHAJ-5-SIBCR	15,794
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16-SOCHAJ-6-SIBCR	9,311
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16KS110SIBCR	6,095
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16KS19SIBCR MOD01	12,964
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16LOVATC10SIBCR	2,819
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS16LOVATC9SIBCR	3,924
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ115-PJ1-4-SIBCR	-4,670
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ115-PJ1-5-SIBCR	22,382
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ115BROOKB4SIBCR	11,097
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ115BROOKB5SIBCR	61,598
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ116-BROOKB-5-SIBCR	50,938
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ116-PJ1-4-SIBCR	7,213
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ116-PJ1-5-SIBCR	33,530
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PJ116BROOKB4SIBCRM01	9,988
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1-GRADE-KS1-6-SIBCR	3,243
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1-GRADE-KS1-8-SIBCR	23,899
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1-GRADE-WL1-3-SIBCR	1,093
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1-GRADE-WL1-4-SIBCR	11,073
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1GRADE-UK1-6-SIBCR	9,517
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UK1GRADEUK15SIBCRM01	2,722
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	ZS22-MUNDIT-4-SIBCR	7,294
93.847	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	ZS22-ZS2-7-SIBCR MOD01	45,464
93.847	3600	SONOMOTION INC	AM04	2,072
93.847	3600	SWEDISH HEALTH SERVICES	600106 B.01 AM01	5,645
93.847	3600	TUFTS MEDICAL CENTER	5013848-SERV	1,724
93.847	3600	TUFTS MEDICAL CENTER	5013848-SERV AM03	30,178
93.847	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000518101-003	733

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93.847	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10309SC AM03	50,902
93.847	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10321SC AM02	39,629
93.847	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10863SC AM03	165,374
93.847	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11740SC	124,027
93.847	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	8379SCAM065R01DK098233	4,945
93.847	3600	UNIVERSITY OF CHICAGO	FP068366-01 B AM01	42,826
93.847	3600	UNIVERSITY OF CHICAGO	FP068366-01 I AM01	70,200
93.847	3600	UNIVERSITY OF COLORADO	FY18.896.006	17,674
93.847	3600	UNIVERSITY OF COLORADO	FY18896006PROJ255M8526	37,327
93.847	3600	UNIVERSITY OF COLORADO	FY20.601.002	224,065
93.847	3600	UNIVERSITY OF HAWAII	KA1459 AM01	34,988
93.847	3600	UNIVERSITY OF HAWAII	KA1462 AM01	34,055
93.847	3600	UNIVERSITY OF MIAMI	SPC-000867 AM01	11,548
93.847	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3005085721 AM01	8,852
93.847	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00011237 AM02	4,013
93.847	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00011237 AM03	27,717
93.847	3600	UNIVERSITY OF MINNESOTA	N006254903 AM02	110,800
93.847	3600	UNIVERSITY OF PITTSBURGH	0047227 (130849-3)	-22,129
93.847	3600	UNIVERSITY OF PITTSBURGH	00472271308494AM01	-10,496
93.847	3600	UNIVERSITY OF PITTSBURGH	AWD00000417 (132723-4)	340,087
93.847	3600	UNIVERSITY OF PITTSBURGH	CNVA000577191299762	26,138
93.847	3600	UNIVERSITY OF SOUTH CAROLINA	19-3862 PO#2000046865	11,371
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6163-1050-00-AM	54,846
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6163-1051-00-AD AM03	187,273
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6163-1051-00-Z AM04	281,456
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6163-1082-00-AD	200,270
93.847	3600	UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL	GMO 161129 AM03	58

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93.847	3600	UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL	GMO161129 PO000000975E	12,836
93.847	3600	UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL	GMO200501PO0000001992	11,921
93.847	3600	UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER	GMO 170915 AM02	2,012
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC42466 AM03	-1,426
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC42466 AM05	39,546
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC67532	109
93.847	3600	VETERANS MEDICAL RESEARCH FOUNDATION	096530001-322295 AM01	17,376
93.847	3600	VETERANS MEDICAL RESEARCH FOUNDATION	096530002-323581 AM02	36,905
93.847	3600	WAKE FOREST UNIVERSITY	100710-114580 AM07	252,068
93.847	3600	WAKE FOREST UNIVERSITY	100710-118240 AM04	137,424
93.847	3650	MCLEAN HOSPITAL	401536	102,624
93.847	3650	PENNINGTON BIOMEDICAL RESEARCH	R01DK108765S001	129,434
93.847	3650	UNIV OF COLORADO	FY17001016	40,104
93.847	3650	UNIV OF SOUTHERN CALIFORNIA	RGF010786A	87,914
93.853	3600	*SEATTLE CHILDREN'S HOSPITAL	11360SUB MOD04	96,987
93.853	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01061832	20,141
93.853	3600	BUCK INSTITUTE FOR RESEARCH ON AGING	SA15008-UW	79,817
93.853	3600	BUCK INSTITUTE FOR RESEARCH ON AGING	SA15008-UW AM02	14,337
93.853	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S397592 AM01	41,678
93.853	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S397592 AM02	529,142
93.853	3600	CALIFORNIA INSTITUTE OF TECHNOLOGY	S407472 AM02	228,205
93.853	3600	CHILDREN'S RESEARCH INSTITUTE	30003963-54 AM01	-1,433
93.853	3600	COLUMBIA UNIVERSITY	1(GG012006-02) AM04	219,413
93.853	3600	EMORY UNIVERSITY	A146724 AM01	138,981
93.853	3600	EMORY UNIVERSITY	A302023	146,101
93.853	3600	EMORY UNIVERSITY	T234837 AM06	3,358

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93.853	3600	HARVARD UNIVERSITY	14942051049390302AM02	106,503
93.853	3600	HEALTH RESEARCH INC	5978-01	35,027
93.853	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-6614-4609 AM10	13,131
93.853	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-C801-4609 AM2	120,184
93.853	3600	JOHNS HOPKINS UNIVERSITY	2003445452 MOD 1	1,487
93.853	3600	JOHNS HOPKINS UNIVERSITY	2003445452 MOD02	17,268
93.853	3600	MASSACHUSETTS GENERAL HOSPITAL	232940 AM02	250,307
93.853	3600	MASSACHUSETTS GENERAL HOSPITAL	233481AM001	6,028
93.853	3600	MAYO CLINIC	WAS-224063 AM 01	294
93.853	3600	MAYO CLINIC	WAS-224063-02 AM02	16,036
93.853	3600	MAYO CLINIC	WAS-232483 AM02	4,878
93.853	3600	MEDICAL COLLEGE OF WISCONSIN	PRIME 1R01NS110856-01	92,158
93.853	3600	NORTHWESTERN UNIVERSITY	60043694 UW A03	60,633
93.853	3600	NORTHWESTERN UNIVERSITY	60054064 WASH	104,714
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1012547_UWA AM01	48,247
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013756_UWA AM01	125,231
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1015158_UW	25,646
93.853	3600	PET/X LLC	2017-01#A121200	5,882
93.853	3600	SEATTLE CHILDREN'S HOSPITAL	11480SUB MOD03	35,136
93.853	3600	SEATTLE CHILDREN'S HOSPITAL	11713SUB MOD02	41,367
93.853	3600	SEATTLE CHILDREN'S HOSPITAL	11833SUB MOD01	13,914
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ23-IJ2-1-SIBCR	22,821
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ23-JANSSD-1-SIBCR	2,668
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ23-WANGM-1-SIBCR	30,354
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	JPAPOTD116HS22SIBCRM0D	21,896
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB26BKB21SIBCRM0D01	10,948
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE154-PE1-4-SIBCR	2,285
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE154PE1-3-SIBCR	1,559

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93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD116-HS2-3-SIBCR	9,398
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD118-TD1-1-SIBCR	2,963
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UC1LJ16B-FISHB-4-SIBCR	54,530
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UC1LJ16B-KV1-4-SIBCR	17,160
93.853	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	UC1LJ16BHS23SIBCRM001	9,346
93.853	3600	STANFORD UNIVERSITY	61311385-124387 AM05	-42,409
93.853	3600	STANFORD UNIVERSITY	61311385-124387 AM06	221,098
93.853	3600	STANFORD UNIVERSITY	61855870-125439 AM03	39,490
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10284SC AM01	-937
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10945SC	89,029
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11037SC AM01	23,718
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	7891SC AM11	5,559
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9670SC AM07	322,221
93.853	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	UW639582	4,130
93.853	3600	UNIVERSITY OF CINCINNATI	010785-135574 AM02	6,831
93.853	3600	UNIVERSITY OF CINCINNATI	011266-135574 AM01	3,727
93.853	3600	UNIVERSITY OF CINCINNATI	011337-135574 AM01	41,889
93.853	3600	UNIVERSITY OF CINCINNATI	012043-135574	2,130
93.853	3600	UNIVERSITY OF CINCINNATI	012044-135574 AM01	2,130
93.853	3600	UNIVERSITY OF CINCINNATI	012340-135574	1,003
93.853	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00007467 AM01	396,243
93.853	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK10405CSPR-002	62,855
93.853	3600	UNIVERSITY OF MINNESOTA	N004688501 AM04	686
93.853	3600	UNIVERSITY OF MINNESOTA	N008333201	47,338
93.853	3600	UNIVERSITY OF PENNSYLVANIA	567147	29,480
93.853	3600	UNIVERSITY OF PENNSYLVANIA	567147 AM03	7,424
93.853	3600	UNIVERSITY OF PENNSYLVANIA	572825 AM02	7,479
93.853	3600	UNIVERSITY OF PENNSYLVANIA	572976	-31,892

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93.853	3600	UNIVERSITY OF PENNSYLVANIA	576480	31,728
93.853	3600	UNIVERSITY OF PENNSYLVANIA	576480 AM01	33,108
93.853	3600	UNIVERSITY OF PENNSYLVANIA	578474	19,782
93.853	3600	UNIVERSITY OF PITTSBURGH	AWD0001238 (133676-3)	6,660
93.853	3600	UNIVERSITY OF ROCHESTER	417612URFAOGR510748AM0	72,859
93.853	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	131551397	5,163
93.853	3600	UNIVERSITY OF TENNESSEE	19-3245-UWA AM01	134,452
93.853	3600	UNIVERSITY OF TENNESSEE	20-4448-UWA AM02	68,742
93.853	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	164688/164682	81,496
93.853	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	166222/165999	104,068
93.853	3600	UNIVERSITY OF WISCONSIN MADISON	0000000112_MOD_O1	30,525
93.853	3650	SPERAGEN INC	132657001	14,528
93.853	3650	SPERAGEN INC	R41NS107099	19,177
93.855	3600	*SEATTLE CHILDREN'S HOSPITAL	10995SUB MOD07	-10
93.855	3600	ANTIGEN DISCOVERY INC	ADI-UW-2020-001	59,704
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0121303S01	-47,433
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0121304S01	200,299
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0121403S01	-202
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0121404S01	133,736
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0121704S02	113,127
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0129201S01	46,693
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0129202S01	60,139
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0135001S01	3,459

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93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY18ITN293 AM01	31,051
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY19ITN304	31,845
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY19ITN318 AM01	188,658
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY19ITN318 AM02	168,356
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY20ITN293 AM02	17,506
93.855	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	FY20ITN361	28,446
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	112668 AM05	201,469
93.855	3600	CASE WESTERN RESERVE UNIVERSITY	RES510939 AM03	583,644
93.855	3600	CASE WESTERN RESERVE UNIVERSITY	RES513942 AM01	163,255
93.855	3600	COLUMBIA UNIVERSITY	1(GG015232-01)	26,669
93.855	3600	DUKE UNIVERSITY	2037434 (2037025)	-54
93.855	3600	DUKE UNIVERSITY	A031858	46,316
93.855	3600	EMORY UNIVERSITY	A011120 AM02	197,163
93.855	3600	EMORY UNIVERSITY	A263429	106,839
93.855	3600	FHI360	97100800173POUS00242AM	5,873
93.855	3600	FHI360	PO# US00242 MOD18	19,427
93.855	3600	FHI360	PO17001138 MOD09	17,177
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000913192 MOD02	4,718
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000927588	-349
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000943535	-27
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000944095 AM01	-3,086
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000947108 AM01	2,280

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93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000948051	-2,294
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000949850	-6,056
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000949852 AM01	5,882
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000949853	-58
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000950760	-6
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000953006 AM01	-344,109
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000962047	129,394
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000962048 AM01	26,554
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000963784	-24,302
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000964506 AM01	88,611
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000964510 AM01	4,388
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000964732 AM01	268,179
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000965321 AM02	175,994
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000965331 AM02	195,795
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000965772	3,969
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000966404 AM01	89,630
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000966451	11,841
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000966451 AM02	265,643
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000966654 AM01	55,030

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93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967192 AM01	77,207
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967194 AM01	193,673
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967196 AM01	135,464
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967198 AM01	69,472
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967200	13,506
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967202 AM02	429,333
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000967310 AM01	119,039
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000970508 AM01	28,870
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000970606 AM01	52,840
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000970632 AM01	40,164
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000970723 AM01	28,718
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977405 AM01	78,537
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000977473 AM01	72,153
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000981927 AM02	106,532
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000985119 AM01	325,706
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000985277 AM02	221,442
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000986153	2,467
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000986326	15,819

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93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000988483 AM01	76,186
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000992527	93,069
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994652 AM01	288,202
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994797	24,567
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994941	153,903
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000994984	157,121
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000996045 AM01	1,204,182
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000996899	23,084
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000997461	69,136
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001001217	148,689
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001009315 AM01	6,567
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001009329 AM01	265,527
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001009383 AM01	398,375
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001011527	161,193
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001011592 AM01	154,022
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012166	149,445
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012195	122,112
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012210	298,400
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012213	264,246

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93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012286	61,543
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012355 AM01	69,319
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001012526	11,482
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001013124	51,024
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001013125	74,967
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001013815	41,221
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001013910 AM01	44,032
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001014198	179,465
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001015916 AM01	34,665
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001020283	7,149
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001022939	37,974
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001024201	15,608
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028296	10,729
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001028526	17,178
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001029242	737
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	SA1901529	-5
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW630303	106
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW636977	45,357

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93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW636979	59,459
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW636980	4,610
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW636981	4,836
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	UW639484	74,416
93.855	3600	GEORGIA STATE UNIVERSITY	SP00013673-02	54,386
93.855	3600	GEORGIA STATE UNIVERSITY	SP00013673-02 AM01	26,888
93.855	3600	HOSPITAL FOR SICK CHILDREN	6610100083 AM 5	14,887
93.855	3600	ID GENOMICS INC	IDG_UW_02 AM02	3,201
93.855	3600	INDIANA UNIVERSITY	8133_UW	41,410
93.855	3600	INST FOR CLINICAL EFFECTIVENESS & HEALTH	TBC2019UOW	266,351
93.855	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2018.0004 AM01	17,041
93.855	3600	JOHNS HOPKINS UNIVERSITY	2003036376 MOD10	704,432
93.855	3600	JOHNS HOPKINS UNIVERSITY	LDR01MOD07PO2002131144	14,514
93.855	3600	JOHNS HOPKINS UNIVERSITY	LDR01MOD09PO2002131144	21,609
93.855	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG210453-BUDG01-UW-00	5,227
93.855	3600	LUMEN BIOSCIENCE, INC.	UW632645	195,238
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	4688 AM01	-48,052
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	4695 AM01	252,292
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	9155 AM01	306,901
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	9579 AM02	97,282
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	9607 AM02	48,659
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE & FNDN	9645	116,369
93.855	3600	MAHIDOL UNIVERSITY	5U01AI115520-05_UW_Y5	28,477

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93.855	3600	MONTANA STATE UNIVERSITY	G164-18-W7010	73,756
93.855	3600	MONTANA STATE UNIVERSITY	G164-18-W7010 AM04	124,210
93.855	3600	NORTHERN CALIFORNIA INST FOR RSCH & EDUC	SUL1847-02 AM05	-383
93.855	3600	OHIO STATE UNIVERSITY	60062752AM02PREV600627	127,369
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013170_UWA	19,760
93.855	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1013170_UWA AM01	29,755
93.855	3600	ORLANCE INC	A147555 MOD01	188,390
93.855	3600	ORLANCE INC	MOD02	87,129
93.855	3600	ORLANCE INC	MOD03	358,933
93.855	3600	ORLANCE INC	UW662945	97,982
93.855	3600	PROFECTUS BIOSCIENCES INC	PRIME# R44AI089290	-22
93.855	3600	PROFECTUS BIOSCIENCES INC	UW633650	165,683
93.855	3600	RESEARCH FOUNDATION FOR STATE UNIV OF NY	R1142049 AM01	101,433
93.855	3600	RUTGERS THE STATE UNIV OF NEW JERSEY	0884 MOD01 PO 1277891	97,959
93.855	3600	RUTGERS THE STATE UNIV OF NEW JERSEY	1391 MOD01	121,747
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11229SUB MOD03	-427
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11229SUB MOD04	15,114
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11415SUB AM03	66,183
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11645SUB MOD01	198,139
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11645SUB MOD02	322,675
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11670SUB MOD02	125,257
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11671SUB MOD02	110,950
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11917SUB MOD03	178,465
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11927SUB MOD02	87,234
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11972SUB MOD03	150,689
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12023SUB	120,879
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12175SUB	193,075

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93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12179SUB	64,679
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12234SUB	450,401
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12260SUB	202,734
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	12273SUB	134,688
93.855	3600	TEMPLE UNIVERSITY	261004-UWASH AM1	4,627
93.855	3600	THERAPEUTIC SYSTEMS RESEARCH LABS	A119810 AM01	44,844
93.855	3600	THERAPEUTIC SYSTEMS RESEARCH LABS	A119810 AM02	378,845
93.855	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000510836-006 AM A05	899,425
93.855	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000510836-006 AM04	166,573
93.855	3600	UNIVERSITY OF CALIFORNIA IRVINE	2017-3539 AM03	3,248
93.855	3600	UNIVERSITY OF CALIFORNIA IRVINE	2018-3594 AM01	53,390
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1559 G TA522 AM09	226,079
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1560 G WA590 AM01	108,379
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1560 G WB672 AM01	18,500
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1560 G WB672 AM02	10,786
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1650 G WA395 AM03	170,269
93.855	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1650 G WA395 AM06	181,961
93.855	3600	UNIVERSITY OF CALIFORNIA RIVERSIDE	S-001012 AM02	156,835
93.855	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	73440803 AM004	20,450
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10019SCAM035R01AI09847	5,226
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10182SC AM04	32,587
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10182SC AM05	6,859
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10951SC	96,648
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11003SC	2,259
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11003SC AM02	90,683
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11313SC	20,706
93.855	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11313SC AM02	463,638

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93.855	3600	UNIVERSITY OF CALIFORNIA, LOS ANGELES (UCLA)	1560 B WA953 AM01	125,032
93.855	3600	UNIVERSITY OF COLORADO	FY19349003PROJECT25A78	115,678
93.855	3600	UNIVERSITY OF COLORADO	FY20.349.001_AMD1	40,554
93.855	3600	UNIVERSITY OF IDAHO	CB2558-SB-897826 AM02	65,893
93.855	3600	UNIVERSITY OF MASSACHUSETTS WORCESTER	OSP2018036 AM04	318,081
93.855	3600	UNIVERSITY OF MASSACHUSETTS WORCESTER	WA00735107OSP2018036AM	18,482
93.855	3600	UNIVERSITY OF MIAMI	SPC-000844 AM01	46,158
93.855	3600	UNIVERSITY OF MIAMI	SPC-000983 AM01	103,840
93.855	3600	UNIVERSITY OF MINNESOTA	P006941201 AM01	1,133
93.855	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5111674	73,059
93.855	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5114996	329,778
93.855	3600	UNIVERSITY OF NOTRE DAME	203504UW AM01	230,887
93.855	3600	UNIVERSITY OF PENNSYLVANIA	569316 AM05	335,373
93.855	3600	UNIVERSITY OF PENNSYLVANIA	571209 AM03	9,225
93.855	3600	UNIVERSITY OF PITTSBURGH	0060130 (131574-2)	9,218
93.855	3600	UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL	GMO 180806 AM02	303,715
93.855	3600	UNIVERSITY OF WISCONSIN MADISON	0000000165	70,138
93.855	3600	UNIVERSITY OF WISCONSIN MADISON	0000000248	98,438
93.855	3600	UNIVERSITY OF WISCONSIN MADISON	839K311	8,138
93.855	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC74709 AM01	114,901
93.855	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC75985	36,458
93.855	3600	WEILL MEDICAL COLLEGE OF CORNELL UNIV	192222-2 AM01	79,317
93.855	3650	ALBERT EINSTEIN COLLEGE OF MED	31162B	27,061
93.855	3650	INDIANA UNIVERSITY	IN4688954WSU	72,797
93.855	3650	UNIV OF N CAROLINA CHAPEL HILL	5106846	38,408
93.855	3650	UNIV OF PRETORIA	MO070619	11,975

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93.855	3650	UNIVERSITY OF MINNESOTA	H004942302	213,853
93.859	3600	BELBROOK LABS LLC	R44GM123833 AM02	83,030
93.859	3600	CHILDREN'S HOSPITAL & RSCH CTR OAKLAND	8036_UWASH_04	41,429
93.859	3600	DUKE UNIVERSITY	A032217	72,863
93.859	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000948942	50
93.859	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000953698 AM02	22,616
93.859	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000969248	32,357
93.859	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001020041	125,207
93.859	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2015.0001 AM05	27,806
93.859	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2019.0005	39,167
93.859	3600	JOHNS HOPKINS UNIVERSITY	2002735434 AM05	11,498
93.859	3600	MATCHSTICK TECHNOLOGIES INC	A127786 AM03	197,707
93.859	3600	PROTEIOS LLC	UW639790	73,729
93.859	3600	RESEARCH FOUNDATION FOR STATE UNIV OF NY	R960652 AM05	93,661
93.859	3600	SOUTHCENTRAL FOUNDATION	2018-279	3,571
93.859	3600	SOUTHCENTRAL FOUNDATION	2018-303	4,001
93.859	3600	SOUTHCENTRAL FOUNDATION	2019-282 AM 1	84,955
93.859	3600	SOUTHCENTRAL FOUNDATION	2020-174 AM03	54,810
93.859	3600	STANFORD UNIVERSITY	62244825-136718 AM01	368,680
93.859	3600	UNIVERSITY OF CALIFORNIA DAVIS	201703197-04 AM03	47,796
93.859	3600	UNIVERSITY OF CALIFORNIA DAVIS	20170319705A170013S001	23,171
93.859	3600	UNIVERSITY OF CALIFORNIA IRVINE	2016-3369 AM03	79,795
93.859	3600	UNIVERSITY OF COLORADO	FY19841001AM01PTE25A45	16,149
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5107298 AM04	38
93.859	3600	UNIVERSITY OF UTAH	10044932-08 AM02	43,246

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93.859	3600	UNIVERSITY OF UTAH	10044932-08 AM03	193,273
93.859	3600	UNIVERSITY OF WYOMING	1003716AWASHINGTONMOD0	44,850
93.859	3600	VANDERBILT UNIVERSITY	UNIV60752 AM02	203,235
93.859	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 55495 AM03	-652
93.859	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 55495 AM04	39,860
93.859	3650	TEMPLE UNIVERSITY	257109WSU	66,371
93.859	3650	UNIVERSITY OF COLORADO DENVER	FY15652002	-57,086
93.859	3650	WASHINGTON UNIV IN ST LOUIS	WU17182	138,037
93.859	3800	University Of San Diego	160086-U2017-004	39,475
93.865	3600	*SEATTLE CHILDREN'S HOSPITAL	11614SUB MOD03	106,681
93.865	3600	*UNIVERSITY OF MICHIGAN ANN ARBOR	3004910137 AM02	38,253
93.865	3600	BAYLOR COLLEGE OF MEDICINE	7000000288 AM03	275,310
93.865	3600	BOSTON CHILDREN'S HOSPITAL	GENFD0001780112	3,992
93.865	3600	CHILDREN'S HOSPITAL OF PHILADELPHIA	ACTIVITY3200660619PO20	-11
93.865	3600	DUKE UNIVERSITY	3021485	104,057
93.865	3600	FHI360	102469.001.001 AM03	29,994
93.865	3600	FHI360	102492.001.001	8,399
93.865	3600	FLORIDA STATE UNIVERSITY	R02041	20,365
93.865	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000966758	37,565
93.865	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000991521 AM01	425,216
93.865	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001007575	79,247
93.865	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0001027004	12,108
93.865	3600	GEORGE WASHINGTON UNIVERSITY	S-MFM1819-JB13	26,538
93.865	3600	GEORGE WASHINGTON UNIVERSITY	S-MFM1920-CF13	5,793
93.865	3600	GILLETTE CHILDREN'S	UW630892	25,828
93.865	3600	GILLETTE CHILDREN'S	UW664574	7,521

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93.865	3600	HARVARD UNIVERSITY	11420515875107643AM001	55,239
93.865	3600	HEALTH RESEARCH INC	288-01 AM02	22,457
93.865	3600	JOHNS HOPKINS UNIVERSITY	2004031129 AM01	26,704
93.865	3600	LOUISIANA STATE UNIVERSITY	AH 19-105-003-A1	7,356
93.865	3600	LUNDQUIST INSTITUTE FOR BIOMEDICAL	UW31227-01	16,896
93.865	3600	MAYO CLINIC	UNI20120801PO66645877A	62,845
93.865	3600	NORTHWESTERN UNIVERSITY	60047828 UW AM02	26,897
93.865	3600	NORTHWESTERN UNIVERSITY	60047828 UW AM03	40,304
93.865	3600	NORTHWESTERN UNIVERSITY	60047828 WASH	7,166
93.865	3600	OHIO STATE UNIVERSITY	60060209 AM03	46,099
93.865	3600	OHIO WILLOW WOOD COMPANY	5R42HD093476-03-SA01	162,228
93.865	3600	SALUS DISCOVERY LLC	UW663001	467
93.865	3600	SEATTLE CHILDREN'S HOSPITAL	12119SUB	94,171
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ115-GJ1-1-SIBCR	2,175
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	GJ115-GJ1-2-SIBCR	6,524
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ14-LID-1-SIBCR	5,346
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ14-LID-2-SIBCR	15,338
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ14-WILLIA-1-SIBCR	4,197
93.865	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ14-WILLIA-2-SIBCR	12,080
93.865	3600	TULANE UNIVERSITY	TUL-HSC-557116-18/19	2,900
93.865	3600	TULANE UNIVERSITY	TUL-HSC-557543-19/20	33,526
93.865	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000512823-004 A02	-3,466
93.865	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1920 G UA066 AM03	39,528
93.865	3600	UNIVERSITY OF ILLINOIS CHICAGO	17611-00	40,274
93.865	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3003294837 AM05	53,328
93.865	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	3003879380 AM06	33,124
93.865	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00009201	16,168
93.865	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00009201PO30055415	117,911

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93.865	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5109092 AM02	313,401
93.865	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5112526 AM1	116,754
93.865	3600	UNIVERSITY OF PITTSBURGH	004886012687312AM01	-11,119
93.865	3600	UNIVERSITY OF PITTSBURGH	0051592 (128416-3)AM02	606
93.865	3600	UNIVERSITY OF TEXAS MEDICAL BRANCH	20-84415-10	6,298
93.865	3600	UNIVERSITY OF WISCONSIN MADISON	773K253 AM03	40,954
93.865	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-329 MOD01	161,455
93.865	3650	AZ ST UNIV FED FLOW	ASUB00000308	56,195
93.865	3650	OREGON HEALTH & SCIENCES UNIV	1013518WSU	6,644
93.865	3650	UNIVERSITY OF NEBRASKA	3453212003506	27,562
93.866	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31086C AM03	229,474
93.866	3600	ALLEN INSTITUTE	A142285	93,164
93.866	3600	BOSTON UNIVERSITY	4500002537 AM001	35,676
93.866	3600	BOSTON UNIVERSITY	4500003041 AM002	216,958
93.866	3600	BOSTON UNIVERSITY	4500003082 AM01	31,684
93.866	3600	BOSTON UNIVERSITY	4500003104	86,408
93.866	3600	BOSTON UNIVERSITY	4500003184 AM01	246,659
93.866	3600	BOSTON UNIVERSITY	4500003432	13,964
93.866	3600	BOSTON UNIVERSITY	4500003470	594
93.866	3600	BRIGHAM AND WOMEN'S HOSPITAL	115640 AM05	30,659
93.866	3600	BRIGHAM AND WOMEN'S HOSPITAL	119900 AM02	12,154
93.866	3600	BROWN UNIVERSITY	00000844 AM05	186,753
93.866	3600	CASE WESTERN RESERVE UNIVERSITY	RES514125	2,572
93.866	3600	CASE WESTERN RESERVE UNIVERSITY	RES514787 AM01	14,255
93.866	3600	COLUMBIA UNIVERSITY	5(GG015822-01)	10,078
93.866	3600	DREXEL UNIVERSITY	800080 AM03	11,086
93.866	3600	DREXEL UNIVERSITY	800180/800080 AM04	10,632

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93.866	3600	DUKE UNIVERSITY	A03-3241	41,918
93.866	3600	EMORY UNIVERSITY	A234165	86,149
93.866	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000981488 AM01	36,979
93.866	3600	HARVARD UNIVERSITY	116546-5097910 AM05	98,251
93.866	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-B741-4609	84,245
93.866	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-B741-4609 AM02	32,773
93.866	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-B851-4609	195,408
93.866	3600	JACKSON LABORATORY	210275-520-03 AM02	31,737
93.866	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG002694-BUDG01-UW-00	866,680
93.866	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG002694BUDG01UW00AM0	129,280
93.866	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG209690BUDG02UW00AM0	29,066
93.866	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG209725BUDG02UW00AM0	242,812
93.866	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG209925-BUDG01-UW-00	-1,186
93.866	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG209925BUDG02UW01AM0	110,503
93.866	3600	LUNDQUIST INSTITUTE FOR BIOMEDICAL	31332-02-UW	34,158
93.866	3600	MAYO CLINIC	UOW-263134/PO#67115775	50,313
93.866	3600	NATIONAL BUREAU OF ECONOMIC RESEARCH INC	41840.00.02.UW	279,285
93.866	3600	NORTH CAROLINA STATE UNIVERSITY	2019-1296-02	153,943
93.866	3600	NORTHERN CALIFORNIA INST FOR RSCH & EDUC	SHL2120-04 AM01	28,683
93.866	3600	NORTHERN CALIFORNIA INST FOR RSCH & EDUC	STE2196-11	102,038
93.866	3600	NORTHWESTERN UNIVERSITY	60048329 UW AMA03	2,866
93.866	3600	NORTHWESTERN UNIVERSITY	60048330 UW A03	1,780
93.866	3600	NORTHWESTERN UNIVERSITY	60048330 UW AM A02	10,896
93.866	3600	NORTHWESTERN UNIVERSITY	60048331 UW	2,866
93.866	3600	NORTHWESTERN UNIVERSITY	60048331 UW AMA02	7,551
93.866	3600	NORTHWESTERN UNIVERSITY	60048332 UW A03	24,488

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93.866	3600	NORTHWESTERN UNIVERSITY	60048332 UW AM A02	173,396
93.866	3600	NORTIS INC	NORTIS-001	10,293
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BW218BW22SIBCR	3,909
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BW219BW21SIBCR	933
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	BW29BW26SIBCR	20,497
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ22-IJ2-1-SIBCR	22,821
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ22-JANSSD-1-SIBCR	2,668
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	IJ22-WANGM-1-SIBCR	30,330
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB210A-MCMILP-1-SIBCR	13,197
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB210A-WALDHS1-1-SIBCR	6,478
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB211-KB2-3-SIBCR	32,845
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB211-KB2-4-SIBCR	10,897
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB211-MCMILP-2-SIBCR	26,395
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB211-WALDHS1-2-SIBCR	14,923
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KB29-KB2-1-SIBCR	32,794
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121WFUKS12SIBCR	13,038
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	KS121WFUSOCHAJ2SIBCR	26,693
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE155PE14SIBCR	9,264
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE155RM14SIBCR	57,330
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE158-PE1-2-SIBCR	12,091
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	PE158PE11SIBCR	6,308
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD112-AELMORS2SIBCR	42,775
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD112AELMORS1SIBCRMOD0	48
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD112ATD12SIBCR	19,026
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD120SC-TM21SIBCR	4,169
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD120SC-TM22SIBCR	8,505
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD120TD11SIBCR	4,368
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD120TD12SIBCR	14,196

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93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD122-HS2-1-SIBCR	3,074
93.866	3600	SEATTLE INST FOR BIOMED & CLINICAL RSCH	TD122-TD1-1-SIBCR	7,156
93.866	3600	STANFORD UNIVERSITY	61314414-124531 AM04	2,123
93.866	3600	STANFORD UNIVERSITY	61314414-124531 AM07	390,029
93.866	3600	STANFORD UNIVERSITY	61627910-128473 AM02	35,731
93.866	3600	SUTTER BAY HOSPITALS	280201015-S221 AM03	189,771
93.866	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1558 G TA326 AM08	96,289
93.866	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1558 G WA112 AM02	16,764
93.866	3600	UNIVERSITY OF CALIFORNIA LOS ANGELES	1558 G WA254 AM01	6,471
93.866	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	10841SC AM01	11,100
93.866	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11075SC AM03	34,276
93.866	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9499SC AM02	-1
93.866	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	9499SC AM03	9,330
93.866	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO (UCSD)	87749088 AM002	4,708
93.866	3600	UNIVERSITY OF COLORADO	FY19875002FY20875002AM	16,722
93.866	3600	UNIVERSITY OF COLORADO	FY19875002PO1001169488	28,706
93.866	3600	UNIVERSITY OF MELBOURNE	GL064596-UWS-Y2 AM01	28,921
93.866	3600	UNIVERSITY OF MIAMI	OS00000066AM03SPC00027	202,264
93.866	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00009657 AM01	88,337
93.866	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00009932PO30052399	158,957
93.866	3600	UNIVERSITY OF MICHIGAN ANN ARBOR	SUBK00011202	78,460
93.866	3600	UNIVERSITY OF PENNSYLVANIA	573045 AM02	85,840
93.866	3600	UNIVERSITY OF PENNSYLVANIA	573992, AM04	17,107
93.866	3600	UNIVERSITY OF PENNSYLVANIA	574060 AM04	88,743
93.866	3600	UNIVERSITY OF PENNSYLVANIA	576568 AM07	46,351
93.866	3600	UNIVERSITY OF PENNSYLVANIA	577437 AM01	17,208
93.866	3600	UNIVERSITY OF PENNSYLVANIA	579279	14,531

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93.866	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	109309268 AM01	121,053
93.866	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	124009907 AM01	30,533
93.866	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	97832536 AM01	26,730
93.866	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	164388/164378	139,304
93.866	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	166357/166354	48,726
93.866	3600	UNIVERSITY OF UTAH	10041896 AM01	14,662
93.866	3600	UNIVERSITY OF VERMONT	30340SUB52029UOFWASHAM	70,760
93.866	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC68180 AM02	262,874
93.866	3600	WAKE FOREST UNIVERSITY	100-101720-112971 AM04	25,628
93.866	3600	WAKE FOREST UNIVERSITY	101720-441340 AM 3	14,385
93.866	3600	WAKE FOREST UNIVERSITY	114-101720-551083 AM02	284,098
93.866	3600	WAKE FOREST UNIVERSITY	WUHS 115048 AM05	-612
93.866	3600	WASHINGTON UNIVERSITY IN ST LOUIS	WU-19-279 AM02	5,000
93.866	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-20-42	8,821
93.866	3650	UNIV OF COLORADO	FY16001015	41,664
93.866	3650	UNIVERSITY OF NEW MEXICO	765335874P	103,812
93.866	3650	UNIVERSITY OF NEW MEXICO	765361874P	33,242
93.866	3800	University of Washington	UWSC10197 BPO #28166	112,806
93.867	3600	JAEB CENTER FOR HEALTH RESEARCH, INC. (JCHR)	PROTOCOL #U SITE 47	-17,516
93.867	3600	MEDICAL COLLEGE OF WISCONSIN	PO#6123363	26,680
93.867	3600	MEDICAL COLLEGE OF WISCONSIN	PO#6152192 AM01	22,672
93.867	3600	MEDICAL COLLEGE OF WISCONSIN	UW636061	7,302
93.867	3600	MEDICAL COLLEGE OF WISCONSIN	UW638258	12,518
93.867	3600	STANFORD UNIVERSITY	62015716-136077	563,891
93.867	3600	STANFORD UNIVERSITY	62066366-133041 AM01	178,937
93.867	3600	UNIVERSITY OF MINNESOTA	N006342901 AM01	69,601
93.867	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	123204958	220,187

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93.867	3650	JOHNS HOPKINS UNIVERSITY	2003370134	116,029
93.867	3650	OREGON HEALTH & SCIENCES UNIV	1014154WSU	125,435
93.879	3600	GEORGE MASON UNIVERSITY	E2048782	15,171
93.879	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG003046-BUDG02-UW-00	11,619
93.879	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG003046BUDG03UW01AM0	89,319
93.879	3600	UNIVERSITY OF ARIZONA	298692 AM05	3,532
93.879	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE	0014601C	32,060
93.889	3600	UNIVERSITY OF CALIFORNIA SAN FRANCISCO	11786SC	45,954
93.933	3600	SOUTHCENTRAL FOUNDATION	2018-219	42,410
93.933	3600	SOUTHCENTRAL FOUNDATION	2018-289 AM01	23,250
93.945	3600	SEATTLE CHILDREN'S HOSPITAL	11952SUB MOD01	7,441
93.945	3600	WAKE FOREST UNIVERSITY	100700-114510 AM06	139,094
93.945	3600	WAKE FOREST UNIVERSITY	WUHS 114529 AM04	97,432
93.958	3760	Health Care Authority	1565-52693	35,864
93.958	6990	Spokane County	19BHO2100	61,771
93.959	3600	MONTANA DEPARTMENT OF PUBLIC HEALTH	18-332-74516-0	13,577
93.959	3600	MONTANA DEPARTMENT OF PUBLIC HEALTH	18-332-74516-0 AM01	53,961
93.959	3600	UTAH DEPARTMENT OF HUMAN SERVICES	196354	67,209
93.970	3650	OREGON HEALTH & SCIENCES UNIV	1016600_WSU	10,800
93.989	3600	AGA KHAN UNIVERSITY HOSPITAL	001	117,333
93.989	3600	AGA KHAN UNIVERSITY HOSPITAL	002	50,504
93.989	3600	KWAME NKRUMAH UNIVERSITY OF SCI & TECH	A110910819CHS0502AM02	9,192
93.989	3600	KWAME NKRUMAH UNIVERSITY OF SCI & TECH	A110910819CHS0502AM3	59,693
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDIA	A116705 AM03	14
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDIA	A139245	16,814
93.989	3600	UNIVERSITY OF NAIROBI	UON-1R21TW011460-01	6,957
93.989	3600	UNIVERSITY OF NAIROBI	UON-UW 1R25TW011212-01	5,069
93.989	3600	UNIVERSITY OF NAIROBI	UON-UW 1R25TW011212-02	45,857

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93.989	3600	UNIVERSITY OF NAIROBI	UON-UW5D43TW010141-04	3,557
93.989	3600	UNIVERSITY OF NAIROBI	UON-UW5D43TW010141-05	36,131
93.989	3600	UNIVERSITY OF NAIROBI	UON1R21TW01146001MOD01	1,466
93.RD	3600	ABT ASSOCIATES INC	47508	-15,623
93.RD	3600	ABT ASSOCIATES INC	49860 MOD01	44,466
93.RD	3600	ABT ASSOCIATES INC	50065 MOD01	19,991
93.RD	3600	ACUMEN LLC	MIDS-19F0003-T0014	254
93.RD	3600	ADVANCED BIOSCIENCE LABORATORIES INC	14011000070000MOD03	443,148
93.RD	3600	AMERICAN ACADEMY OF PEDIATRICS	870500-UW	33,834
93.RD	3600	AMERICAN PSYCHIATRIC ASSOCIATION	N/A	2,729
93.RD	3600	AMERICAN PSYCHIATRIC ASSOCIATION	UW631106	248
93.RD	3600	ASSOC OF STATE & TERRITORIAL HEALTH OFF	REQ2198PROJECT6223101	10,103
93.RD	3600	AVITA MEDICAL	CTP006-1	2,333
93.RD	3600	BENAROYA RESEARCH INST AT VIRGINIA MASON	0215101S01	51,986
93.RD	3600	BIOMIMETIX JV, LLC	00062660	49,334
93.RD	3600	BIOQUAL INC	MOD03	260,602
93.RD	3600	BIOQUAL INC	MOD04	1,065,826
93.RD	3600	CHOCTAW NATION OF OKLAHOMA	UW638536	8,784
93.RD	3600	COMPUTERCRAFT CORPORATION	SUBCONTRACT NO.3 MOD01	178,497
93.RD	3600	COMPUTERCRAFT CORPORATION	UWSUBCONTRACTNO3MOD02	408,806
93.RD	3600	CROSSLIFE TECHNOLOGIES INC	A134573	135,268
93.RD	3600	CROSSLIFE TECHNOLOGIES INC	UW636710	95,634
93.RD	3600	DARTNET INSTITUTE	PO111110200201587699	10,444
93.RD	3600	DOTQUANT LLC	UW639583	29,984
93.RD	3600	DUKE UNIVERSITY	7271OPPORTUNITY1TO51AM	306
93.RD	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000865655 AM03	10,964

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93.RD	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000865655 AM04	3,849
93.RD	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000908589 AM03	23,128
93.RD	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000935635 AM03	67,091
93.RD	3600	HARVARD UNIVERSITY	109786.5110787	76,131
93.RD	3600	HEAD FOR THE CURE FOUNDATION	UW663993	1,270
93.RD	3600	HENNEPIN HEALTHCARE RESEARCH INSTITUTE	75N94019C00006	11,959
93.RD	3600	INBIOS INTERNATIONAL	ANTHRAX 5	2,333
93.RD	3600	JOHNS HOPKINS UNIVERSITY	P1090 PO#2002565212	7,257
93.RD	3600	KAISER FOUNDATION HEALTH PLAN OF WA	HHSN272200800004CUWMOD	1,569
93.RD	3600	KAISER FOUNDATION HEALTH PLAN OF WA	RNG002833BUDG03SUBUWMO	15,506
93.RD	3600	KAISER FOUNDATION HEALTH PLAN OF WA	TO1PO2017135605MOD07	-984
93.RD	3600	KAISER FOUNDATION HEALTH PLAN OF WA	TO1PO2017135608MOD07	2,592
93.RD	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG209676BUDG01UW00AM0	58,390
93.RD	3600	KAISER FOUNDATION RESEARCH INSTITUTE	RNG21046-BUDG01-UW-00	43,979
93.RD	3600	KING COUNTY	3732 CHS AM01	26,081
93.RD	3600	KITWARE INC	K002342-00-S02	33,507
93.RD	3600	LEIDOS BIOMEDICAL RESEARCH INC	18X069 MOD05	105,627
93.RD	3600	LEIDOS BIOMEDICAL RESEARCH INC	P9825 / P9881 AM03	40,934
93.RD	3600	MASSACHUSETTS GENERAL HOSPITAL	220778 MOD06	13
93.RD	3600	MATHEMATICA POLICY RESEARCH INC	50238S05787	40,003
93.RD	3600	MEDIWOUND LTD	MW2018-06-21	8,204
93.RD	3600	MISSOURI BREAKS INDUSTRIES INC	SHS-TA1001UW	47,932
93.RD	3600	NORTHWESTERN UNIVERSITY	SP003377960044358UWASH	12,983
93.RD	3600	NORTHWESTERN UNIVERSITY	SP003377960047201UWASH	13,220
93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1004354_UWA AM06	619
93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1004354_UWA AM08	243,153

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93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1014432_UWA	142,305
93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1015219_UWA	9,869
93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1015223_UWA	26,005
93.RD	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1016578_UWA	53,810
93.RD	3600	RUTGERS THE STATE UNIV OF NEW JERSEY	UW639250	20,342
93.RD	3600	SANDIA NATIONAL LABORATORIES	PO #2152280	5,258
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11867SUB AM01	116,363
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11868SUB AM01	39,629
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11869SUB AM02	28,798
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11870SUB AM02	27,519
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11871SUB AM02	227,005
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11872SUB AM02	28,998
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	11873SUB AM02	34,230
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12106SUB AM01	19,372
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12157SUB	766,271
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12158SUB	46,894
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12159SUB AM01	28,645
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12160SUB	578,798
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12161SUB	75,672
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12162SUB	54,167
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12163SUB	107,753
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12231SUB	27,752
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12232SUB	156,761
93.RD	3600	SEATTLE CHILDREN'S HOSPITAL	12248SUB	356,850
93.RD	3600	SEVEN BRIDGES GENOMICS INC	AMENDMENT 3	243,555
93.RD	3600	SIDX INC	AM01	3,544
93.RD	3600	SOCIAL & SCIENTIFIC SYSTEMS INC	CRBSSSS17005101MOD03	1,493
93.RD	3600	SOCIAL & SCIENTIFIC SYSTEMS INC	CRS-SSS-S-18-005450	19,117

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93.RD	3600	ST JUDE CHILDREN'S RESEARCH HOSPITAL	112110011-7929049	56,922
93.RD	3600	ST. JUDE CHILDREN'S RESEARCH HOSPITAL	UW664477	25,965
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000500918-T015-004	37,619
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000500918T015003AM01	30,941
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000509388T004001AM02	129,460
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000509388T006001AM01	12,630
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000509388T011001AM01	283,516
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000518568-T002-002	22,136
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000521154-T004-001	259,284
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000524050T004011AM03	6,009
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000524050T006009AM03	35,825
93.RD	3600	UNIVERSITY OF ALABAMA AT BIRMINGHAM	000527765T001001AM01	323,716
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258C	17,643
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258C AM TO03	41,752
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258C AM TASK ORDER9	3,767
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258D AM TO03	121,762
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258D AM TO09	15,346
93.RD	3600	UNIVERSITY OF MARYLAND BALTIMORE	1600258D TASK 2	58,545
93.RD	3600	UNIVERSITY OF MISSISSIPPI MEDICAL CENTER	66111250819-12	6,164
93.RD	3600	UNIVERSITY OF MISSISSIPPI MEDICAL CENTER	66111350819-12	776
93.RD	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5116778	16,798
93.RD	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5116789	17,606
93.RD	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	76887872 AM03	1,283
93.RD	3600	UNIVERSITY OF UTAH	10042359-02 AM04	35,547
93.RD	3600	UNIVERSITY OF UTAH	10042359-02 AM05	126,972
93.RD	3600	UNIVERSITY OF WISCONSIN MADISON	686K836 AM04	36,721
93.RD	3600	UNIVERSITY OF WISCONSIN MADISON	811K731 AMO1	35,241

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Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
93.RD	3600	UNIVERSITY OF WISCONSIN, MADISON	686K862 AM03	103,682
93.RD	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 81589 AM001	23,297
93.U01	3650	UNIV OF SOUTHERN CALIFORNIA	110847313	26,914
93.U02	3650	SEATTLE CHILDREN'S RESEARCH	11891SUB	28,279
93.U03	3650	SEATTLE CHILDREN'S RESEARCH	12164SUB	62,267
93.U04	3650	REWIRE NEUROSCIENCE LLC	135584001	14,182
93.U05	3650	NW RURAL HEALTH NETWORK	136558	98,931
93.U06	3650	OREGON HEALTH DIV	161975	5,003
93.U07	3650	DUKE UNIV	2037093	292
93.U09	3650	UNIV OF COLORADO	FY18001024	365,348
93.U10	3650	UNIVERSITY OF NEW MEXICO	GAR24280382	45,618
93.U12	3650	UNIV OF COLORADO	GAR55102178	5,971
93.U13	3650	PILLSY INC	R44DA049629	20,203
93.U14	3650	MAYO CLINIC	WAS255636	181,658
93.U16	3650	RINGFUL HEALTH LLC	WSU003495	93,510
93.U17	3650	RINGFUL HEALTH LLC	WSU003704	89,912
93.U19	1070	Eagle Technologies Incorporated	HHSS283201600001C	8,417
94.006	3600	JUMPSTART FOR YOUNG CHILDREN INC	2320200	143,519
94.006	3600	JUMPSTART FOR YOUNG CHILDREN INC	480200	26,187
94.019	3600	JOHN A. HARTFORD FOUNDATION	2015-0077	1,165
95.001	2250	Yakima Co Sheriff's Office	C120331GSC-LEA9	11,241
95.001	3600	EDUCATIONAL SERVICE DISTRICT 105	9001700071 AM01	5,168
95.001	3600	EDUCATIONAL SERVICE DISTRICT 105	9001800032	9,273
95.001	3600	EDUCATIONAL SERVICE DISTRICT 105	9001800038	89,709
96.007	3600	MATHEMATICA POLICY RESEARCH INC	40112S05299 AM03	49,182
97.061	3600	TEXAS A&M UNIVERSITY	M2001779	46,132
97.061	3600	UNIVERSITY OF ALASKA ANCHORAGE	P0484663 AM07	14,351
97.067	4770	Clallam County	Grant #E20-053	5,799

State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

*For the Fiscal Year Ended
June 30, 2020
(Expressed in whole dollars)*

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
97.067	4770	San Juan County	WDFW 19-13409	25,846
97.067	4770	Stevens County	EMW-2018-SS-S01	5,393
97.067	4770	Whatcom County	201810011	1,438
97.091	3030	Seattle City of Pub Utilities	23566	693,289
97.RD	3600	DEGENKOLB ENGINEERS	B7616026.00	27,571
97.RD	3600	KING COUNTY	5269 EMS	18,155
97.RD	3600	NORTHEASTERN UNIVERSITY	505185-78052	1,070
97.RD	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	91804998 AM03	-167
97.RD	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	91804998 AM04	21,195
98.001	3600	CONTRACEPTIVE RESEARCH AND DEV (CONRAD)	MAPS2-18-084 AM01	213,714
98.001	3600	FHI360	102137.001.004.003.004	511,935
98.001	3600	FHI360	102137001004003004AM04	406,057
98.001	3600	FHI360	1024620010020011244000	1,227,011
98.001	3600	IMA WORLD HEALTH	DRC-CGBV-PRI-UW MOD07	45,533
98.001	3600	KNCV TUBERCULOSIS FOUNDATION	UW662958	4,048
98.001	3600	MOI TEACHING AND REFERRAL HOSPITAL	UW662919	83,541
98.001	3600	UNIVERSITY OF NEVADA, RENO	UNR 20-62	152
98.001	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5113403 AM02	16,970
98.001	3600	UNIVERSITY OF PITTSBURGH	00449784111052AM09	108,534
98.001	3650	AMERICAN UNIVERSITY CAIRO	WSU004120	41,380
98.001	3650	VIRGINIA POLYTECHNIC INST	45136419276	8,023
98.RD	3600	CHEMONICS INTERNATIONAL INC.	SUB-599 MOD03	22,110
98.RD	3600	MAKING CENTS INTERNATIONAL INC	401UW MOD05	12,191
98.RD	3600	MANAGEMENT SCIENCES FOR HEALTH INC	MTAPS-19-006 AM02	38,146
98.RD	3600	MANAGEMENT SCIENCES FOR HEALTH INC	MTAPS-19-014 AM02	56,179
98.RD	3600	MANAGEMENT SCIENCES FOR HEALTH INC	MTAPS-19-015 AM03	11,993
98.RD	3600	PATH	ICF55615401658738CRTAM	14,012

State of Washington
Schedule of Expenditures of Federal Awards
Note F: Supplemental Information for Pass-Through Funds

*For the Fiscal Year Ended
June 30, 2020
(Expressed in whole dollars)*

Federal Catalog No.	State Agency No.	Pass-Through Entity Name	Award/Contract Control Number	Expenditure Amount
98.RD	3650	MI ST UNIV	RC102095BHEARDBANGLAD	10,465
98.RD	3650	MI ST UNIV	RC102095BHEARDKENYA	16,664
99.RD	3600	COMMUNITY PASSAGEWAYS	UW639979	96,087
99.RD	3600	ECS FEDERAL LLC	1740060301MOD04PO19000	102,088
99.RD	3600	GEORGIA INSTITUTE OF TECHNOLOGY	D8919-S3	10,933

Total Pass-Through Funds 187,930,660

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State of Washington
Schedule of Expenditures of Federal Awards
Note G: Supplemental Information for Pass-Through Funds
(State as Subrecipient not included on the Schedule)

*For the Fiscal Year Ended
June 30, 2020
(Expressed in Whole Dollars)*

Federal Catalog No.	State Agency Number	Federal Program Title	Award/Contract Control Number	Expenditure Amount
17.258	540	Olympic Consortium WDC-1	7318 7319 7328 7329 7338 7339	439,532
17.258	540	SnohomishCounty WDC-4	6668 6669 6699 6679	286,920
17.258	540	Southwest WDC-7	6208 6218	5,253
17.258	540	North Central WA WDC-8	7709 7797 7867 7869	144,247
17.258	540	Spokane Area WDC-12	7818 7819 7879 7899	327,274
Federal Program 17.258 Total				1,203,227
17.259	540	Southwest WDC-7	6208 6218	6,634
17.259	540	North Central WA WDC-8	7719 7759 7869	184,142
Federal Program 17.259 Total				190,776
17.278	540	Olympic Consortium WDC-1	6409 7348 7349 7358 7359 7368 7	503,739
17.278	540	SnohomishCounty WDC-4	6668 6669 6699 6688 6689 6718 6	362,206
17.278	540	Southwest WDC-7	6208 6218 6238 6239	7,047
17.278	540	North Central WA WDC-8	7698 7749 7869	162,230
17.278	540	Eastern WA Partnership WDC-10	2920 2929 2930 2939 2958 2959	635,671
17.278	540	Spokane Area WDC-12	3626 7808 7809 7859 7899 7938 7	450,714
Federal Program 17.278 Total				2,121,607
17.280	540	Snohomish County WDC-4	6728	451,064
Federal Program 17.278 Total				451,064

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State of Washington
Schedule of Expenditures of Federal Awards
Note H: Supplemental Information - Outstanding Loan Balances

*For the Fiscal Year Ended
June 30, 2020
(Expressed in whole dollars)*

Federal Catalog No.	Federal Program Title	Ending Loan Balances as of June 30
<u>University of Washington (Agency 3600)</u>		
84.038	Federal Perkins Loan Program	(5,412,965)
84.038	Federal Perkins Loan Program	33,297,534
	Subtotal 84.038	27,884,569
93.264	Nurse Faculty Loan Program	(213,709)
93.264	Nurse Faculty Loan Program	855,920
	Subtotal 93.264	642,211
93.342	Health Professions Student Loans, Including Primar	(441,881)
93.342	Health Professions Student Loans, Including Primar	13,814,236
	Subtotal 93.342	13,372,355
93.364	Nursing Student Loans	(114,175)
93.364	Nursing Student Loans	2,825,444
	Subtotal 93.364	2,711,269
93.408	ARRA - Nurse Faculty Loan Program	(17,301)
93.408	ARRA - Nurse Faculty Loan Program	46,618
	Subtotal 93.408	29,317
	University of Washington Total	44,639,721
<u>Washington State University (Agency 3650)</u>		
84.038	Federal Perkins Loan Program	15,168,291
	Subtotal 84.038	15,168,291
93.264	Nurse Faculty Loan Program	425,607
93.264	Nurse Faculty Loan Program	1,841,621
	Subtotal 93.264	2,267,228
93.342	Health Professions Student Loans, Including Primar	284,122
93.342	Health Professions Student Loans, Including Primar	2,658,101
	Subtotal 93.342	2,942,223
93.364	Nursing Student Loans	350,598
93.364	Nursing Student Loans	544,557
	Subtotal 93.364	895,155
	Washington State University Total	21,272,897

State of Washington
Schedule of Expenditures of Federal Awards
Note H: Supplemental Information - Outstanding Loan Balances

*For the Fiscal Year Ended
June 30, 2020
(Expressed in whole dollars)*

Federal Catalog No.	Federal Program Title	Ending Loan Balances as of June 30
<u>Eastern Washington University (Agency 3700)</u>		
84.038	Federal Perkins Loan Program	(782,846)
84.038	Federal Perkins Loan Program	3,778,792
	Subtotal 84.038	2,995,946
	Eastern Washington University Total	2,995,946
<u>Central Washington University (Agency 3750)</u>		
84.038	Federal Perkins Loan Program	(1,014,825)
84.038	Federal Perkins Loan Program	2,958,853
	Subtotal 84.038	1,944,028
	Central Washington University Total	1,944,028
<u>The Evergreen State College (Agency 3760)</u>		
84.038	Federal Perkins Loan Program	(661,507)
84.038	Federal Perkins Loan Program	2,784,620
	Subtotal 84.038	2,123,113
	The Evergreen State College Total	2,123,113
<u>Western Washington University (Agency 3800)</u>		
84.038	Federal Perkins Loan Program	(1,182,968)
84.038	Federal Perkins Loan Program	7,212,569
	Subtotal 84.038	6,029,601
	Western Washington University Total	6,029,601
<u>Community/Technical College System (Agency 6990)</u>		
84.038	Federal Perkins Loan Program	(138,018)
84.038	Federal Perkins Loan Program	890,488
	Subtotal 84.038	752,470
	Community/Technical College System Total	752,470
	Total Loan Balances	79,757,776

State of Washington

Single Audit Report

For Fiscal Year Ended

June 30, 2020

Auditee's Section

Agency Corrective Action Plans

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 27, 2021

Washington State Auditor's Office
ATTN: Jim Brownell, Audit Manager
3200 Sunset Way S.E.
Olympia, WA 98504-0031

To the Washington State Auditor's Office:

Enclosed with this letter is the state of Washington's corrective action plan for the following audit findings in the fiscal year 2020 single audit report.

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2020-001	State of Washington	G - 9	E - 19
2020-002	State of Washington	G - 10	E - 24
2020-003	The Office of Superintendent of Public Instruction	G - 13	E - 29
2020-004	The Office of Superintendent of Public Instruction	G - 14	E - 35
2020-005	Department of Health	G - 15	E - 46
2020-006	Department of Social and Health Services	G - 16	E - 54
2020-007	Department of Commerce	G - 18	E - 64
2020-008	Department of Social and Health Services	G - 19	E - 72
2020-009	Department of Commerce	G - 21	E - 78
2020-010	Employment Security Department	G - 23	E - 85

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2020-011	Employment Security Department	G - 25	E - 101
2020-012	Employment Security Department	G - 26	E - 107
2020-013	Employment Security Department	G - 27	E - 117
2020-014	Department of Transportation	G - 28	E - 124
2020-015	Department of Transportation	G - 30	E - 131
2020-016	Department of Transportation	G - 31	E - 137
2020-017	Department of Transportation	G - 33	E - 146
2020-018	Department of Children, Youth, and Families	G - 35	E - 154
2020-019	Department of Health	G - 36	E - 164
2020-020	Department of Social and Health Services	G - 37	E - 168
2020-021	Washington State University	G - 39	E - 176
2020-022	University of Washington	G - 40	E - 184
2020-023	University of Washington	G - 42	E - 195
2020-024	University of Washington	G - 43	E - 203
2020-025	Yakima Valley Community College	G - 44	E - 209
2020-026	The Office of Superintendent of Public Instruction	G - 45	E - 215
2020-027	The Office of Superintendent of Public Instruction	G - 46	E - 223
2020-028	The Office of Superintendent of Public Instruction	G - 47	E - 229
2020-029	Yakima Valley Community College	G - 48	E - 235
2020-030	Department of Services for the Blind	G - 49	E - 245

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2020-031	Department of Services for the Blind	G - 50	E - 251
2020-032	Department of Social and Health Services	G - 51	E - 257
2020-033	Yakima Valley Community College	G - 52	E - 267
2020-034	State Health Care Authority	G - 53	E - 272
2020-035	Department of Social and Health Services	G - 54	E - 279
2020-036	Department of Children, Youth, and Families	G - 56	E - 287
2020-037	Department of Children, Youth, and Families	G - 57	E - 295
2020-038	Department of Children, Youth, and Families	G - 58	E - 307
2020-039	Department of Children, Youth, and Families	G - 60	E - 325
2020-040	Department of Children, Youth, and Families	G - 62	E - 342
2020-041	Department of Children, Youth, and Families	G - 63	E - 350
2020-042	Department of Children, Youth, and Families	G - 64	E - 357
2020-043	Department of Social and Health Services	G - 65	E - 381
2020-044	Department of Children, Youth, and Families	G - 66	E - 387
2020-045	Department of Children, Youth, and Families	G - 67	E - 396
2020-046	State Health Care Authority	G - 68	E - 402
2020-047	State Health Care Authority	G - 69	E - 414
2020-048	State Health Care Authority	G - 70	E - 422
2020-049	State Health Care Authority	G - 71	E - 432
2020-050	State Health Care Authority	G - 72	E - 437

Finding Number	State Agency	Corrective Action Plans Page Number	Schedule of Findings Page Number
2020-051	Department of Social and Health Services	G - 73	E - 448
2020-052	Department of Social and Health Services	G - 75	E - 472
2020-053	Department of Social and Health Services	G - 77	E - 485
2020-054	Department of Social and Health Services	G - 79	E - 492
2020-055	Department Health	G - 80	E - 498
2020-056	State Health Care Authority	G - 81	E - 506
2020-057	State Health Care Authority	G - 82	E - 511
2020-058	Department of Children, Youth, and Families	G - 83	E - 517
2020-059	State Health Care Authority	G - 84	E - 526
2020-060	State Health Care Authority	G - 85	E - 533
2020-061	State Health Care Authority	G - 86	E - 540
2020-062	State Health Care Authority	G - 87	E - 546
2020-063	State Health Care Authority	G - 88	E - 551
2020-064	State Health Care Authority	G - 89	E - 559
2020-065	State Health Care Authority	G - 90	E - 565

The state's corrective action plan is a compilation of the corrective action plan information provided to us by the applicable state agencies. The corrective action plan document is prepared in conjunction with the 2020 single audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2020. If you have any questions regarding the corrective action plans, please do not hesitate to contact our office.

Sincerely,

Brian Tinney
Assistant Director, Accounting

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State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	001	Finding: The State's internal controls were insufficient to prevent fraudulent unemployment benefit payments. Status: Corrective action complete Corrective Action: Due to the inherent risk in implementing an unemployment benefit program and the CARES Act requirements, the Pandemic Unemployment Assistance program presented a nationwide challenge of being high risk for fraud. Prior to the surge in fraudulent claims in May 2020, the Employment Security Department (ESD) already implemented controls required and recommended by the U.S. Department of Labor to prevent imposter fraud. Since then, ESD has instituted many additional controls and countermeasures to fraud that include the following: • Set up a 100-person customer intake team to handle reports of fraud. • Established a secure business portal for receiving verification information from victims and businesses to more quickly identify fraudulent claims, suspend payments, and determine payments to recover. • With the help of a consulting company, implemented a two-day hold on payments to allow investigation of fraudulent claims prior to payment. • Enacted emergency rule WAC 192-140-096 to allow suspension of payments suspected to be fraudulent until an investigation can be completed. • Reallocated resources and increased staffing for fraud investigations, including utilization of hundreds of other agency staff and the National Guard. • Reassigned staff to data analytics work to detect fraud trends and to improve the fraud discovery process. ESD is continuing its efforts to identify and investigate known and suspected claims, recover fraudulent amounts, and work with the U.S. Department of Justice to recover the remaining fraudulent payments. Completion Date: June 2020 Agency Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	002	Finding: The State did not have adequate internal controls over financial reporting to ensure financial activity is properly classified, recorded in the correct period and reconciles to its financial statements. Questioned Costs: <u>CFDA #</u> N/A <u>Questioned Costs:</u> \$0 Status: See below for individual agency Corrective Action: The Office of Financial Management, with the collaboration of state agencies, strives for the highest standards in the preparation of the state's financial statements. Responses from each agency are listed below: <i>State Board for Community and Technical Colleges (State Board)</i> The State Board has taken the following actions to improve the process of reconciling college financial data timely and accurately with amounts recorded in the State's accounting system (AFRS): • Dedicated a nearly full-time programmer and functional support staff to assist in developing the correct configuration for the automatic data upload process. • Added additional staff for accurately translating college financial data from the new software system into AFRS. • Began bi-monthly meetings for the accounting staff and software developers since July 2020. These resolution-focused meetings included agency executive leadership and resulted in improvements in the automated process. • Developed a shared understanding of work priorities, status and next steps through the joint meetings. Significant progress has been made in identifying and correcting issues and making improvements. • Started monthly automated uploads into AFRS since October 2020. A new approach was also initiated in December 2020 which streamlines the upload process and limits the opportunity for error. The State Board will continue to build and enhance programming tools to help identify and reconcile variances between the two systems. <i>Completion: Estimated June 2021</i> <i>Employment Security Department (ESD)</i> The auditors determined that ESD did not report all receivables that resulted from fraudulent claim payments in the state's accounting system at June 30, 2020.

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	002 (cont'd)	While the monthly data transfer between the Unemployment Tax and Benefit system (UTAB) and AFRS is automated, ESD implemented additional controls over financial reporting to ensure all fiscal year-end and biennium-end entries are entered into AFRS correctly and completely. The Unemployment Insurance Treasury Unit added procedures to the electronic accounting desk manual, which include: • Improving coordination with UTAB developers in processing of year-end entries. • Performing monthly reconciliation of internal journals from UTAB reports to AFRS. • Requiring review and approval of monthly reconciliations by the Treasury Manager. <i>Completion: January 2021</i> Office of Financial Management (OFM) OFM strongly disagrees with this audit finding and maintains that the fraudulent unemployment benefit payments were properly reflected in the Annual Comprehensive Financial Report (ACFR) and in accordance with accounting standards. OFM reported the losses as normal claim expenses for the period in which the claims were paid. It is part of the normal course of business for the Unemployment Insurance Program, as well as the other benefit payment programs, to make payments that are later found to be fraudulent. Improper payments or overpayments are payments made by the government to the wrong person, in the wrong amount, or for the wrong reason when an individual has knowingly provided false information in order to receive benefits that they are not entitled to. Code of Federal Regulations 20 CFR 609.11 requires that states return any <i>recovered</i> overpayments. The fraudulent payments were reported consistent with guidance from the national Government Accounting Standards Board (GASB). During a December 2020 meeting of the National Association of State Auditors, Comptrollers and Treasurers, OFM received the guidance from a GASB official in response to a question from a staff member of the Office of the Washington State Auditor. It is also important to note that while the losses were reported as normal claim expenses in the ACFR, the detailed fraud information was disclosed in the Management Discussion and Analysis section of the ACFR (page 27). The fraud losses were also disclosed in Note 4 - Proprietary Fund Receivables section of the report.

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	002 (cont'd)	In May 2020, the U.S Department of Labor (DOL) published the directive 23-20 that includes guidance on program integrity functions for the regular unemployment insurance programs and CARES Act programs, which does not include any indication that states would be required to repay improper payments that have not been recovered. In addition, the federal Office of Inspector General conducted several audits on the CARES Act and Pandemic Unemployment Assistance Program, none of which included recommendations to have states repay improper payments that have not been recovered. In November 2020, OFM contacted DOL to confirm that the State will not be held liable to repay the fraudulent claim payments. As of May 2021, a response has not been received from DOL. <i>Completion: Not applicable</i> Agency Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	003	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.553 \$0 10.553 COVID-19 10.555 10.555 COVID-19 10.556 10.556 COVID-19 10.559 10.559 COVID-19 Status: Corrective action in progress Corrective Action: In response to the prior year's audit finding, the Office: - Developed and implemented a new Child Nutrition Programs Agreement template in December 2019. The template includes information and attestation to suspension and debarment requirements. - Updated the internal process for review and approval of program applications. In September 2020, at the request of the US Department of Agriculture, implementation of the new agreement template was paused to address the civil rights assurance statement in the agreement. As soon as clarification and definitive guidance is received from the federal grantor, the Office will resume the implementation of the new agreement. The conditions noted in this finding were previously reported in finding 2019-004. Completion Date: Estimated December 2021 Agency Contact: Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	004	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to properly account for USDA-donated foods. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.553 \$0 10.553 - COVID-19 10.555 10.555 - COVID-19 10.556 10.556 - COVID-19 10.559 10.559 - COVID-19 Status: Corrective action in progress. Corrective Action: The Office concurs with the finding. The Office will take the following corrective actions to strengthen internal controls over accounting for USDA-donated foods: • Implement the internal policies and procedures established in August 2020 for the USDA-donated foods reconciliation process. • Establish adequate internal controls to ensure physical inventory is reconciled with inventory records. By November 2021, the Office will complete the documentation of system requirements for a new/updated electronic food distribution system that includes tracking and reporting capabilities to assist with the reconciliation process. By January 2022, the Office will post a Request for Proposal for the procurement of the new/updated electronic food distribution system. The conditions noted in this finding were previously reported in finding 2019-005. Completion Date: Estimated January 2022 Agency Contact: Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	005	Finding: The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. The purpose of the Cash Management Improvement Act (CMIA) is to ensure timely disbursement of federal funds. The Department has processes in place to ensure that draws are made in a manner that would guarantee that neither the Department nor the federal grantor is required to pay interest earnings. The Department processes all cash draws based on actual costs already incurred and in line with the approved funding technique outlined in the Treasury State Agreement (TSA). The Department does not agree that we were out of compliance with the intent of the CMIA and the approved TSA. To improve internal controls over monitoring cash management requirements, the Department: • Began tracking draws on an excel spreadsheet in March 2020. • Worked with the Office of Financial Management to clarify language in the 2022 TSA in an effort to reduce confusion for future audits. • Started updating the 2021 TSA for subsequent approval by the federal grantor. The conditions noted in this finding were previously reported in findings 2019-006 and 2018-006. Completion Date: Estimated September 2021 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	006	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.561 \$0 93.558 93.556 93.778 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit issues will still be outstanding during at least the first six months of the current audit period. For this reason, we acknowledged in the prior year's finding response that it is unlikely the audit issues would be completely resolved in the fiscal year 2020 audit or beyond. As part of the Department's corrective action plan for the prior year finding, the Department: - Implemented processes to ensure monthly staff reconciliations are performed. - Developed standard guidelines and procedures for updating the eligible staff list in Barcode. In December 2020, upon discovery of the errors related to incorrect entry of Random Moments Time Samples (RMTS) results into the base edit workbooks, the Department immediately updated the process for completing the workbooks to ensure RMTS results are uploaded correctly into the Cost Allocation System. As of January 2021, the Department supervisor for the RMTS auditors reviewed the Public Assistance Cost Allocation Plan with the team to ensure understanding of the criteria for modifying an RMTS sample during an audit. By May 2021, the Department will: - Develop and implement a process to conduct a monthly review on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode. - Update current guidance to provide additional examples to staff on types of activities that are appropriate for each selection.

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	006 (cont'd)	Complete a one-time review of a subset of RMTS samples to conduct root cause analysis and determine whether additional training, procedure changes, or system changes are needed. The conditions noted in this finding were previously reported in finding 2019-008. Completion Date: Estimated May 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	007	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program. Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: To strengthen internal controls over subrecipient monitoring, the Department established procedures to expand fiscal monitoring of subrecipients during reimbursements and to formalize documentation requirements for in-person site visits. As of February 2020, the Department: - Created new procedures that require subrecipients to submit backup documentation for salaries, benefits, and contracted services that includes the exact costs, calculations, percentage charged to the grant, and allocation method if costs are allocated across multiple fund sources. The backup documentation is also required to link the actual expenditures to the amounts requested for reimbursement on the invoice. - Established procedures for documenting fiscal monitoring that occurs during in-person site visits, which includes: - The review of timesheets sample to verify and confirm that salary/benefit charges on a previously submitted invoice have appropriate backup documentation on file. - Documentation of fiscal policies and procedures reviewed and any other fiscal monitoring activities on the site visit report. - Updated the certification forms for Modified Total Direct Costs eligibility to inquire whether subrecipients have ever had a federally negotiated indirect rate. This information is used to verify subrecipients' eligibility for the de minimis indirect cost rate. As of July 2020, the Department provided training to staff and subrecipients and formally implemented the new monitoring procedures. The conditions noted in this finding were previously reported in finding 2019-010. Completion Date: July 2020 Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia WA 98504 (360) 725-2739 Jean.denslow@commerce.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	008	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program. Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. Due to the timing and frequency of audits, the Department was not made aware of a finding until six months after the state fiscal year concluded. It should be noted that it is not always feasible to correct audit issues within the next six months before a new audit cycle begins. As a result, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period. As of June 2020, the Department completed the following corrective actions in response to the prior year's finding: • Implemented a secondary review process for issuing sub-awards. • Modified the funding application form to require subrecipients to indicate whether they have ever negotiated an indirect rate with the federal government. • Modified the federal contract templates for the Crime Victim Assistance program to include the indirect cost rate. These process changes and additional requirements for subrecipients will be effective for contracts awarded beginning in state fiscal year 2021. Therefore, full resolution of the audit issues will not be evident until the fiscal year 2021 audit. It is worth noting that the Office of Management and Budget amended 2 CFR 200.414(f) on August 13, 2020, which no longer requires subrecipients to submit documentation to justify the 10 percent de minimis indirect cost rate. The Department's updated funding application form, effective in fiscal year 2021, would be sufficient to justify allowing a subrecipient to request reimbursements using the 10 percent de minimis rate. The conditions noted in this finding were previously reported in finding 2019-009. Completion Date: June 2020	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	008 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	009	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance or the Low-Income Home Energy Assistance programs received required audits and findings were followed up on timely. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 16.575 \$0 93.568 Status: Corrective action complete Corrective Action: The Department concurs with the finding. As described in the finding, the Department has written policies and procedures for subrecipient monitoring including: • Verifying whether the subrecipient requires a single audit. • Reviewing audit reports. • Following-up on subrecipient audit findings. • Ensuring management decisions are issued timely when required. The Department's Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that: • Have audit requirements to help ensure audit reports are submitted and any audit findings are identified and captured in the system. • Do not have audit requirements have submitted verification forms. Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame. In response to the prior year's finding, the Department has taken the following actions to improve internal controls over monitoring subrecipients' audit requirements: • Updated procedures to run the CMS report prior to the end of the nine month required time frame so reminders can be sent to subrecipients. • Worked with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated. • Strengthened process to ensure audit reports are properly reviewed to identify findings that require appropriate follow-up actions. • Improved communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring.

Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	009 (cont'd)	The Department will continue to follow up on subrecipient audit findings identified during audits and will issue management decisions as required by federal regulations. The conditions noted in this finding were previously reported in findings 2019-011. Completion Date: August 2020 Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia, WA 98504 (360) 725-2739 jean.denslow@commerce.wa.gov

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	010	Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible recipients received Unemployment Insurance benefits. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 17.225 \$1,750 17.225 - COVID-19 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The unprecedented attack on the state's unemployment system resulted in more than \$600 million paid on claims that initially appeared legitimate but were later discovered to be fraudulent. While the Department acknowledges there was a targeted imposter fraud, the Department did not agree with some of the statements described in the condition of the audit finding. These disagreements are detailed in the Department's response to the finding. For unemployment claims, benefits are based on employer reports of wages paid and hours worked as imported from the Department's Next Generation Tax System. As such, claimant's employment information in support of eligibility is verified in each claim. Under the CARES Act, the new federal Pandemic Unemployment Assistance program did not require claimants to submit documentation to substantiate employment or self-employment wages for these claims. It should also be noted that the emergency proclamation to waive the required one-week waiting period for benefit payments was issued to increase federal funds to Washington for claimants and program administration, and to speed economic recovery. The waiting week for unemployment claims has never been used to verify employment status and, therefore, did not increase the likelihood of improper payments. While the waiver did not cause the imposter fraud attack or deter the Department's detection efforts, it did increase the amount of loss. It is inevitable that some benefit payments will be made to people who are ineligible. The Department's obligation under federal and state statutes and regulations and the terms and conditions of federal awards, is to assess overpayments for improper payments and attempt to recover them by reasonable means. It is incorrect to assume all improper benefit payments are questioned costs. The Department transparently shared information about the imposter fraud and its response. By prompt and extensive effort, the Department had recovered a total of \$356.4 million as of November 2020. The Department continues to conduct investigations into suspected fraudulent claims and work with federal law enforcement and the banking industry to recover additional fraudulent payments.

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	010 (cont'd)	The Department is a national leader in its imposter fraud response. In addition to recovering funds, the Department took other measures to prevent further losses. Completion Date: Not applicable Agency Contact: Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	011	Finding: The Employment Security Department did not have adequate internal controls over and did not comply with federal requirements to conduct case reviews for the Benefit Accuracy Measurement program of the Unemployment Insurance program in a timely manner. Questioned Costs: <u>CFDA #</u> 17.225 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. To address the staffing shortages in the Benefit Accuracy Measurement (BAM) program, the Department has hired three new staff for case sampling since September 2020. By May 2021, the Department will hire one additional employee to be responsible for performing case reviews for the BAM program. The Department anticipates the new staff will complete internal training and the National Association of State Workforce Agencies training within twelve months after the hire date. This staffing plan is aligned with the corrective action plan submitted to the U.S. Department of Labor as part of the required biennial State Quality Service Plan. Once the BAM unit is fully staffed and trained, the program will have sufficient resources to ensure case reviews are conducted in a timely manner in accordance with federally mandated timelines. Completion Date: Estimated May 2022 Agency Contact: Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov	

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	012	Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure quarterly performance reports for the Workforce Innovation and Opportunity grant were submitted completely and accurately Questioned Costs: <u>CFDA #</u> 17.258 17.259 17.278 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: In response to the finding, the Department is in the process of developing a comprehensive system and set of protocols to strengthen internal controls over the completion and submission of quarterly performance reports for the Workforce Innovation and Opportunity grant. The Department is taking the following actions: • Establish a data management framework that supports the Department's internal Participant Individual Record Layout (PIRL) validation controls and quality assurance processes to research and identify anomalies. • Initiate a process to outline, identify, and develop documented requirements for common PIRL data elements. • Establish a standardized framework that provides technical assistance (TA) sessions to the job centers, actively manages PIRL related performance, and provides ongoing TA training sessions. • Define and develop a PIRL data architecture that will enable greater data integrity and internal controls. • Develop written procedures for: ○ A data validation strategy to identify and correct errors or missing data. ○ Monitoring protocols. ○ Quarterly data review and electronic data checks. ○ Annual staff training. • Establish a governance and change management framework for maintaining documentation of the validation process to ensure compliance as federal requirements are updated and/or established. Completion Date: Estimated December 2021 Agency Contact: Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov	

Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	013	Finding: The Employment Security Department did not have adequate internal controls over and did not comply with requirements to perform risk assessments or fiscal monitoring for subrecipients of the Workforce Innovation and Opportunity Act grant. Questioned Costs: <u>CFDA #</u> 17.258 17.259 17.278 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department has established procedures for monitoring Local Workforce Development Boards (LWDBs), which includes mandatory annual onsite monitoring and a risk-based assessment process throughout the monitoring process. Due to the Governor's Stay Home, Stay Healthy order, the Department was not able to resume normal monitoring activities in the last part of the fiscal year. The Department did reach out to the U.S. Department of Labor to seek a waiver which was not granted. The Department has since developed protocols and tools to allow remote-virtual review of fiscal documentation. During the fiscal year 2020 review period, there were four LWDBs that did not receive a comprehensive administrative and fiscal review. The Department had communicated to those LWDBs that the fiscal year 2021 review would cover two years' worth of expenditures and activities. As of May 2021, the Department completed full reviews of three LWDBs that encompassed both of the fiscal years. The review of the remaining LWDC will be completed by July 2021. The conditions noted in this finding were previously reported in finding 2019-012. Completion Date: Estimated July 2021 Agency Contact: Kari Summerour External Audit Manager PO Box 46000 Olympia, WA 98504-6000 (360) 742-9957 KSummerour@esd.wa.gov	

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	014	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensure that our grant programs comply with federal regulations regarding required risk assessments. In response to prior years' audit findings, the Department took corrective actions to address the audit recommendations, as follows: • As of June 2019, established a risk assessment program to inform required monitoring activities. • Developed a risk assessment form to document assessments performed. • Communicated information on the risk assessment program to appropriate headquarters and regional staff. • Reviewed initial risk assessment forms completed by regional staff to ensure they were completed properly. When the Governor issued the Stay Home, Stay Healthy order, regional staff's focus was redirected to project shut down, safety, and reopening plans, which slowed completion of some risk assessments. The Department will: • Continue to maintain ongoing communication with regional staff to ensure risk assessments are performed and properly documented in accordance with the risk assessment program guidelines. • Update the risk assessment form to allow documentation of multiple obligations during a project's phase. • Work with regional management to modify staff's position descriptions to include performing required monitoring activities, such as completing risk assessments timely. The Department anticipates full compliance with the risk assessment requirement by fiscal year 2021. The conditions noted in this finding were previously reported in findings 2019-016 and 2018-012. Completion Date: Estimated June 2021

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	014 (cont'd)	Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	015	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Highway Planning and Construction Cluster received required single audits. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action complete Corrective Action: In response to the prior year's audit finding, the Department took the following corrective actions to address the audit recommendations: - Updated the Local Agency Guidelines Manual and subaward agreements to reflect the current \$750,000 single audit threshold and added language that requires local agencies to comply with the single audit or program-specific audit requirements. - Provided training to local agencies throughout the year that includes reminders of the single audit requirements. - For local agencies that received Department subawards below the single audit threshold, the Department sent communication that outlines the federal regulations and requests written verification to confirm if a single audit is applicable. - For local agencies that are subject to the single audit, the Department monitors the submission of the required audit report, follows up on any reported deficiencies, and takes the appropriate actions. Due to the Governor's Stay Home, Stay Healthy order in response to the pandemic, full implementation of these corrective actions was delayed in fiscal year 2020. The Department's Local Program had to shift efforts to implement a new way of doing business for authorizing federal funds, processing reimbursements, and all other services necessary to ensure reasonable federal compliance while minimizing delays to the delivery of local agency capital projects during this critical time. Beginning in fiscal year 2021, the updated process will be fully implemented. The conditions noted in this finding were previously reported in finding 2019-017. Completion Date: August 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	016	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Constructions Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring. To address the audit recommendations, the Department's Local Programs Division will examine current policies and procedures/practices related to the audit issues. Recently, the Department received communication from the Federal Highway Administration (FHWA) that it supports a risk-based monitoring approach for Project Management Reviews (PMRs), which includes: - Performing a PMR once a project is substantially complete or complete. - Not performing a PMR on projects with minimal risk. FHWA is currently working on modifying the Stewardship and Oversight Agreement template, which would allow the Department to update language in the agreement to align with standards or best practices. If the modified agreement template is not received within a reasonable timeframe, the Department will seek written approval in another form from FHWA's Washington Division to allow completion of PMRs on a risk-based schedule. In addition, the Department will: - Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a PMR once the project is substantially complete or complete. - Attempt to complete PMRs in the required 3-year timeframe until the agreement and LAG Manual updates are completed. - Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders. The conditions noted in this finding were previously reported in finding 2019-015.

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	016 (cont'd)	Completion Date: Estimated September 2021 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	017	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials testing was performed by qualified testing personnel for projects funded by the Highway Planning and Construction Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to quality assurance requirements, safeguarding materials, testing workmanship according to approved plans and specifications, conducting inspections and certifications, and that testing is completed by qualified testers. In response to the prior year's audit finding with the quality assurance program related to material testing, the Department took corrective actions to address the audit recommendations, as follows: - Updated the Department's Construction and Standard Specifications Manuals regarding: - Requirements for emergency contracts. - Requirements for facility contracts. - Provided clarifications needed to address practices and documentation to document material testing, inspections, and acceptance. To address the current audit recommendations, the Department's Construction Division will: - Examine current policies and procedures/practices related to the tester certifications. - Update policies and procedures as needed, including the Department's Construction (M46-01) and Standard Specifications (M41-10) Manuals, to ensure compliance with federal regulations regarding tester qualifications. The updates will also include procedures for tester certification from the Western Alliance of Quality Transportation, as appropriate. - Obtain approval of updates to the Construction Manual from the Federal Highway Administration. - Communicate changes in policies and procedures to division staff and stakeholders. Similar conditions related to quality assurance program requirements were previously reported in finding 2019-019.

Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	017 (cont'd)	Completion Date: Estimated September 2021 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2020	018	Finding:	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure the Coronavirus Relief Fund was used for allowable purposes and payments fell within the period of performance.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>21.019</td><td>\$40,095,634</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	21.019	\$40,095,634
		<u>CFDA #</u>	<u>Amount</u>				
		21.019	\$40,095,634				
		Status:	Corrective action in progress				
		Corrective Action:	The Department’s Cost Allocation and Grants Unit was under resourced as a result of the Governor’s mandatory stay-home executive order, hiring freezes, and staff furloughs. The applications that providers must fill out to apply for the Coronavirus Relief Fund (CRF) include the requirement for providers to keep all receipts and spending documentation and submit to the Department upon request. Due to insufficient staff resources, there was not an established process to request supporting documentation from providers at the time of the audit. In October 2020, the Department received the request from the Legislature and the Office of the Financial Management to transfer expenditures previously paid to child care providers and other goods and services to the CRF. The Department processed an accounting adjustment, but did not have adequate time or resources to identify the detailed expenditures for this adjustment while performing year-end reconciliation and closing entries for fiscal year 2020. In response to the audit issues, the Department reversed the October 2020 accounting journal voucher adjustment totaling \$40.6 million. Additionally, the Department will: • Review fiscal year 2020 expenditures to ensure charges to the CRF are allowable. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.				
		Completion Date:	Estimated September 2021				
Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov						

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	019	Finding: The Department of Health did not ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance. Questioned Costs: <u>CFDA #</u> 21.019 <u>Amount</u> \$451,726 Status: Corrective action in progress Corrective Action: The Department concurs with the finding and is committed to ensuring that grant programs comply with federal regulations related to period of performance. To address the audit recommendation, the Department will: • Work with the Office of Financial Management to reverse the journal voucher that was processed to move funding streams for COVID-related expenses and will transfer these charges to an allowable funding source. • Contact the federal grantor to determine if any questioned costs that are not moved to an allowable funding source should be repaid. Completion Date: Estimated September 2021 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	020	Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments from the Coronavirus Relief Fund occurred during the allowable period of performance. Questioned Costs: <u>CFDA #</u> 21.019 - COVID-19 <u>Amount</u> \$8,681,008 Status: No corrective action taken Corrective Action: The Department does not concur with the finding. During the pandemic, limited guidance was provided by the federal government regarding the CARES Act stimulus funding, which was also changing as new information became available. On April 22, 2020, the US Department of Treasury (Treasury) issued the Coronavirus Relief Fund (CRF) program guidance for state, territorial, local and tribal governments. The overarching guidance on the CRF stated that expenditures may only be used to cover costs that were: • Necessary expenditures incurred due to COVID-19; • Not accounted for in the budget most recently approved as of March 27, 2020; and • Incurred during the period between March 1, 2020, and December 30, 2020. The Treasury defined a cost to be incurred “when the responsible unit of government had expended the funds to cover the cost.” Further, it was assumed that similar to other areas of the CARES Act, the term “incurred” is measuring costs that were reasonably obligated and satisfied during the covered period to avoid instances where an entity is pre-paying expenses in an effort to maximize the use of the funding, but for which the entity does not have a legal obligation to pay such costs (e.g., pre-paying rent, utility or other contractual obligations). The CRF was allocated to the Department after the end of fiscal year 2020. The Department used journal vouchers to transfer expenditures that occurred during fiscal year 2020 to the CRF. All costs that were moved were for expenditures made on or after March 1, 2020. Based on the April 2020 guidance provided by Treasury, the Department does not believe it was out of compliance during the time period under review. The Department maintains that the questioned costs identified in the finding were unsubstantiated, and will continue to work with the Office of Financial Management in ensuring all federal funding is used for allowable purposes. Completion Date: Not applicable	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	020 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Washington State University

Agency 365

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
2020	021	Finding: Washington State University did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs. Questioned Costs: <table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>84.007</td><td>\$0</td></tr><tr><td>84.033</td><td></td></tr><tr><td>84.038</td><td></td></tr><tr><td>84.063</td><td></td></tr><tr><td>84.268</td><td></td></tr><tr><td>84.379</td><td></td></tr></tbody></table> Status: Corrective action in progress Corrective Action: The University partially concurs with the finding. The University has processes in place to monitor and assess threats to information security, and has been engaging in risk evaluation activities for many years that include assessment of risks to the broad information security environment. In July 2020, the University implemented a new policy for conducting information security risk assessments and for review of authorizations. These activities, although not linked to the specific requirements, indirectly addressed the risk elements in the Gramm-Leach-Bliley Act. To address the audit recommendations, the University is working on implementing risk assessment processes specific to the requirements for information systems covered under the Gramm-Leach-Bliley Act, which includes: • Identifying internal controls. • Assessing risks of the information security system environment. • Documenting safeguards in place. • Implementing new processes as a result of the assessment activities. • Establishing monitoring processes for information system security to ensure federal compliance. Completion Date: Estimated March 2022 Agency Contact: Heather Lopez Chief Audit Executive PO Box 64122 Pullman, WA 99164-1221 (509) 335-2001 hlopez@wsu.edu	CFDA #	Amount	84.007	\$0	84.033		84.038		84.063		84.268		84.379		
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University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
2020	022	Finding:	The University of Washington did not establish adequate internal controls over and did not comply with requirements to verify applicant information for the Student Financial Assistance programs.																		
		Questioned Costs:	<table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>84.007</td><td>\$0</td></tr><tr><td>84.033</td><td></td></tr><tr><td>84.038</td><td></td></tr><tr><td>84.063</td><td></td></tr><tr><td>84.268</td><td></td></tr><tr><td>93.264</td><td></td></tr><tr><td>93.342</td><td></td></tr><tr><td>93.364</td><td></td></tr></tbody></table>	CFDA #	Amount	84.007	\$0	84.033		84.038		84.063		84.268		93.264		93.342		93.364	
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Status:	Corrective action in progress																				
Corrective Action:	The University has adequate internal controls over the student financial aid program and maintains a system of quality assurance review to ensure compliance with federal regulations. These controls have proved to be effective since no audit issue has been identified in the past. It should be noted that during the audit period under review, the University had a priority of disbursing student financial aid to the significant population of students and families impacted by the pandemic, which was further complicated by working in a remote environment. The University had to temporarily postpone the post award quality assurance process. Prior to the audit, the University had already planned on reinstating the quality review process. In addition, the University has taken actions to strengthen internal controls over the applicant verification process to address the audit recommendations: As of January 2021, the University repaid the awarded amounts that were overpaid to students identified in the audit. As of March 2021, the University: • Updated current training materials to include the types of non-compliance found in the audit. • Provided two training sessions to staff, with plans to maintain an ongoing training schedule at least annually. By November 2021, the Department will establish a secondary review process of a sample population to identify any errors in the verification process, including post verification of changes to Institutional Student Information Records. The results of the review will be used to identify any procedural changes or training needs.																				

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	022 (cont'd)	Completion Date: Estimated November 2021 Agency Contact: Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
2020	023	Finding:	The University of Washington did not establish adequate internal controls over and did not comply with federal requirements to conduct risk assessments of student information security for the Student Financial Assistance programs.																		
		Questioned Costs:	<table><tr><th>CFDA #</th><th>Amount</th></tr><tr><td>84.007</td><td>\$0</td></tr><tr><td>84.033</td><td></td></tr><tr><td>84.038</td><td></td></tr><tr><td>84.063</td><td></td></tr><tr><td>84.268</td><td></td></tr><tr><td>93.264</td><td></td></tr><tr><td>93.342</td><td></td></tr><tr><td>93.364</td><td></td></tr></table>	CFDA #	Amount	84.007	\$0	84.033		84.038		84.063		84.268		93.264		93.342		93.364	
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84.038																					
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84.268																					
93.264																					
93.342																					
93.364																					
		Status:	Corrective action in progress																		
		Corrective Action:	The University has established adequate internal controls to ensure student information security for the Student Financial Assistance programs. There are existing efforts being performed that address the risk elements in the Gramm-Leach-Bliley Act, as described in the response to the finding, To address the audit recommendations, the University will: • Organize and update documentation of risk assessment activities and information security controls for student information into a single set of information security plans with a clear mapping to the requirements of the Act. • Assess the adequacy of the information security controls using one or more industry-accepted cybersecurity models. • Develop a process to review and update documentation of ongoing activities at least annually to address changes to information security practices or risks as part of the University’s information technology management practice.																		
		Completion Date:	Estimated June 2021																		
		Agency Contact:	Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu																		

University of Washington

Agency 360

Fiscal Year	Finding Number	Finding and Corrective Action Plan											
2020	024	Finding:	The University of Washington did not establish adequate internal controls over and did not comply with requirements to report student enrollment information accurately for the Student Financial Assistance programs.										
		Questioned Costs:	<table><thead><tr><th><u>CFDA #</u></th><th><u>Amount</u></th></tr></thead><tbody><tr><td>84.007</td><td>\$0</td></tr><tr><td>84.033</td><td></td></tr><tr><td>84.063</td><td></td></tr><tr><td>84.268</td><td></td></tr></tbody></table>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.033		84.063		84.268	
		<u>CFDA #</u>	<u>Amount</u>										
		84.007	\$0										
		84.033											
		84.063											
		84.268											
Status:	Corrective action in progress												
Corrective Action:	To address the audit recommendations, the Office of the University Registrar (University) will take the following actions to strengthen monitoring of the National Student Clearinghouse (NSC) to ensure enrollment information reported in the National Student Loan Data System (NSLDS) is accurate and complete: • Establish an audit process for student enrollment data submitted by NSC to NSLDS on a quarterly basis by the summer quarter of 2021. This audit will monitor data in the NSLDS system to ensure accuracy. • Provide a supplemental graduation file each time the Degree Verification file is submitted starting in mid-May 2021. The University will also submit the graduation files for each of the quarters of the 2019-2020 and 2020-2021 academic years. • Follow up with the NSC to determine if changes to system configuration are required to comply with federal enrollment reporting requirements. • Determine whether previously reported enrollment data in NSLDS needs to be corrected. In addition, the University will monitor and identify student records with double majors that were impacted by the lack of secondary graduate file submission, and will ensure NSC submits these records to the NSLDS database accurately.												
Completion Date:	Estimated August 2021												
Agency Contact:	Dan Schaaf Controller 4300 Roosevelt Way NE Seattle, WA 98105 (206) 685-6423 schaafd@uw.edu												

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	025	Finding: Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to accurately report student enrollment information for the Student Financial Assistance programs. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 84.007 \$0 84.033 84.063 84.268 Status: Corrective action in progress Corrective Action: The College concurs with the finding. As of March 2021, the College established additional internal controls to ensure reported enrollment levels comply with the Department of Education's enrollment reporting requirements. This includes: • Reconfiguring the system enrollment status codes to align with federal requirements for full-time and part-time enrollment. • Limiting access to registration system settings to authorized personnel – the Registrar, and Dean of Student Services. • Initiating a process to monitor the integrity of the system settings quarterly to ensure accurate reporting of enrollment level data. The College is currently working with the U.S. Department of Education to determine whether previously reported enrollment data needs to be corrected. Completion Date: Estimated June 2021 Agency Contact: Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	026	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal requirements to ensure Local Education Agencies implemented testing security measures. Questioned Costs: <u>CFDA #</u> 84.010 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Office concurs with the finding. The Office has policies and procedures in place for monitoring Local Education Agencies (LEAs) to ensure testing security protocols are followed, which includes submitting a District Administration and Security Report (DASR) to the Office after completion of each test administration. DASRs are typically submitted to the Office at the end of the test administration window which usually ends in early June. These procedures were in place prior to the Spring 2020 testing period. The Office had developed and had planned to implement new monitoring protocols in Spring 2020 to ensure all LEAs that administer testing submit the required DASR. However, due to the COVID-19 pandemic and school facilities closures, most school districts did not administer testing during that time. The few districts that did were not able to access and retrieve documentation and security reports for submission to the Office. Currently, the Office is actively working with LEAs that administered testing in Spring 2020 to submit their 2020 DASRs. The Office will continue to follow implemented monitoring protocols to collect and review complete test security documentation from all LEAs. Completion Date: April 2021 Agency Contact: Kimberly DeRousie State Test Coordinator PO Box 47200 Olympia, WA 98504-7200 (360) 725-6353 Kimberly.DeRousie@k12.wa.us	

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	027	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over the quality control process related to the proper identification and recruitment of eligible children for the Migrant Education State Grant Program. Questioned Costs: <u>CFDA #</u> 84.011 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Office concurs with the finding. The Office's Migrant Education Program will re-instate its established procedures to monitor the school district that was contracted to identify and recruit eligible migratory students for the program and to carry out the required quality control process. The Office has been reviewing the quality control procedures established at the school district to determine if adequate internal controls are in place to reduce the risk of inaccurately identifying eligible migratory students: • As of March 2021, the Office provided a review checklist to the school district regarding items under review. • As of April 2021, the school district submitted requested materials to the Office for pre-review. Based on the pre-review, the Office identified clarifying questions to ask as part of the formal review. • As of May 2021, the Office scheduled meetings with the school district to review the results of each item monitored. The meetings will identify areas where procedures or policies need to be updated or corrected. By June 2021, the Office will finalize the report of the review for program files. The results of the review will also be submitted to the Migrant Student Data Recruitment and Support Office and the school district to communicate any modifications or adjustments to the contract and deliverable services for program period 2021-2022. Completion Date: Estimated June 2021 Agency Contact: Sylvia Reyna Assistant Director, Title I Part C Migrant Education PO Box 47200 Olympia, WA 98504-7200 (360) 725-6147 sylvia.reyna@k12.wa.us

Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	028	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to ensure payments to subrecipients were adequately supported for the Special Education program. Questioned Costs: <u>CFDA #</u> 84.027 84.173 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: Beginning with the 2021-22 school calendar year, the Office's operations unit will implement the following processes: • Complete fiscal risk assessments for all local education agencies (LEAs). • Select LEAs for either on-site/virtual monitoring or desk review based on the risk assessment results. • Require LEAs to submit expenditure reports for claims submitted each month. • Select a representative sample of reimbursement requests and perform testing to ensure they are allowable and adequately supported. Completion Date: Estimated December 2022 Agency Contact: Tina Pablo-Long Director of Operations PO Box 47200 Olympia, WA 98504 (360) 764-0537 tina.pablo-long@k12.wa.us	

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	029	Finding: Yakima Valley College did not have adequate internal controls over and did not comply with Student Financial Assistance Programs applicant verification requirements. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 84.063 \$0 84.268 Status: Corrective action complete Corrective Action: The College concurs with the finding. As of March 2021, the College's Financial Aid Office established additional internal controls to prevent inadvertent errors in the manual verification process of applicant information for the financial assistance program. This includes: • Developing a new checklist for staff to follow during the verification process of selected files. • Establishing a process to ensure staff cover all fields included on the verification checklist and compare against supporting documentation. • Beginning an internal audit protocol of reviewing a random sample of verified files to ensure corrections are submitted accurately to the central processor. • Reviewing error trends to identify training opportunities for continuous improvement. The College will consult with the grantor to discuss whether the overpayment identified in the audit should be repaid. Completion Date: May 2021 Agency Contact: Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	030	Finding: The Department of Services for the Blind did not have adequate internal controls to ensure payroll expenditures charged to the Vocational Rehabilitation grant were allowable. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department implemented the following procedures to strengthen internal controls over payroll expenditures charged to the Vocational Rehabilitation grant: • The Deputy Financial Officer: ○ Performs additional reviews of payroll reports to ensure position cost coding is consistent with the federally approved cost allocation plan. ○ Notifies Human Resources and Small Agency Financial Services to make corrections as needed. ○ Documents the payroll reviews to provide timely assurance that unallowable payroll expenditures are not charged to the grant. • The Department's Human Resources Division reviews all timesheets to ensure they are appropriately signed by supervisors prior to submission for payroll processing. Completion Date: May 2021 Agency Contact: Jeannie Brown Senior Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 867-8260 Jeannie.brown@dsb.wa.gov	

Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	031	Finding: The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation grant. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: During the audit period, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls to ensure compliance with federal reporting requirements. - As of February 2020, hired a Senior Financial Officer (SFO) with experience in federal reporting requirements. - As of March 2020, implemented policies and procedures related to Vocational Rehabilitation Program (RSA) reporting, which includes requirement of a secondary review and approval of the RSA reports by the SFO prior to submission. - As of April 2020, completed staff training on the new reporting policies and procedures. The conditions noted in this finding were previously reported in findings 2019-027, 2018-019, and 2017-010. Completion Date: June 2020 Agency Contact: Jeannie Brown Senior Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 867-8260 Jeannie.brown@dsb.wa.gov	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	032	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure payments paid on behalf of clients for the Vocational Rehabilitation grant were allowable. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$13,143 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Division of Vocational Rehabilitation will take the following corrective actions: By June 2021, the Department will: • Develop a process to monitor the approval of client services. • Contact the Department of Education, Rehabilitation Services Administration, regarding the questioned costs identified in this audit. By October 2021, the Department will: • Develop training for staff to reinforce understanding of existing federal requirements for the authorizations of client service purchases. • Implement a process improvement regarding the timing and types of approval required for vocational rehabilitation services. • Review existing policies and procedures with a focus on changes to clients' plans for employment. • Implement improvements to existing supervisory review protocols. The Department is currently in the process of procuring a new case management system. By January 2023, the Department will incorporate automated controls to validate authorizations for purchases into the design for the new system. The conditions noted in this finding were previously reported in findings 2019-023, 2018-023, 2017-014, and 2016-013. Completion Date: Estimated January 2023 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Yakima Valley Community College

Agency 691

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	033	Finding: The Yakima Valley College did not establish adequate internal controls over and did not comply with requirements to reconcile its institution records with Direct Loan disbursement records monthly. Questioned Costs: <u>CFDA #</u> 84.268 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The College concurs with the finding. As of February 2021, with the assistance of the Common Origination and Disbursement (COD) System technical support, the College resolved the technical issue of generating School Account Statement (SAS) data files from the system. Additionally, the College took the following actions to improve internal controls over the reconciliation of direct loan disbursement records: - Established a written process to confirm the receipt of the monthly SAS records by the Financial Aid and Business Offices. - Implemented a process to use the SAS data files in conjunction with the functionality of the College's Student Management System to reconcile and identify direct loan discrepancies on a monthly basis. - Required each discrepancy to be documented with an explanation and the appropriate resolution. Completion Date: February 2021 Agency Contact: Oscar Verduzco Financial Aid Director PO Box 22520 Yakima, WA 98907-2520 (509) 574-4937 overduzco@yvcc.edu

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2020	034	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response program, the Block Grants for Prevention and Treatment of Substance Abuse program, and the Substance Abuse and Mental Health Services Projects of Regional and National Significance program received required audits.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.243</td><td>\$0</td></tr><tr><td>93.788</td><td></td></tr><tr><td>93.959</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.243	\$0	93.788		93.959	
<u>CFDA #</u>	<u>Amount</u>										
93.243	\$0										
93.788											
93.959											
		Status:	Corrective action in progress								
		Corrective Action:	Since the Authority assumed responsibilities over these grant programs in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients. The Authority has since developed policies and procedures related to subrecipient audit monitoring, and implementation is currently in process. The Authority will continue efforts under the subrecipient monitoring workgroup to ensure the policies and procedures are fully implemented and an adequate audit monitoring process is in place. The conditions noted in this finding were previously reported in findings 2019-028 and 2019-065. These conditions were also previously under Department of Social and Health Services findings 2018-025, 2017-016, 2016-014, 2015-016 and 2014-019.								
		Completion Date:	Estimated June 2021								
		Agency Contact:	Keri Kelley, CPA External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov								

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	035	Finding: The Department of Social and Health Services did not have adequate internal controls to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant. Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. As of July 2020, the Department implemented the following independent review process for the Temporary Assistance for Needy Families (TANF) grant quarterly reports: • Research & Data Analysis (RDA) Division staff generate TANF and Separate State Assistance Maintenance of Effort quarterly samples for data validation. • RDA staff review the samples against source data systems with the assistance from TANF policy representatives, and document the review and any discrepancies. • The manager of the federal reporting team independently reviews the quality assurance results and ensures corrections are made as needed. In January 2021, the Department transitioned the primary responsibility for TANF federal reporting from RDA to the Economic Services Administration (ESA). ESA continues to follow the quality assurance process for each report and also performs quarterly internal control/quality assurance reviews through random sampling of the ACF-199 and ACF-209 reported cases. ESA is currently establishing an independent review process for all code changes and anticipates the work will be completed by June 2021. Due to the timing and frequency of audits, the Department is not usually made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. For this reason, the Department anticipates that the audit issues identified in the current audit will still be outstanding at least in the first part of the subsequent audit period. The Department will continue to ensure: • Independent review and documentation of all code changes. • Use of Microsoft Team Foundation Server for code repository. • Ongoing updates to documentation throughout the production of the TANF federal reports using the current TANF reporting system. • The use of the formal change control procedures and change control logs in the replacement of the current reporting system.	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	035 (cont'd)	The conditions noted in this finding were previously reported in findings 2019-030, 2018-028, 2017-020, and 2016-016. Completion Date: Estimated June 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	036	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.558 \$0 93.575 93.596 93.596 - COVID-19 93.658 93.658 - COVID-19 93.659 93.775/93.777/93.778 93.775/93.777/93.778 - COVID-19 93.870 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department continues to strengthen internal controls over processing changes to the cost allocation bases in the state accounting system, and has: - Implemented processes for additional approval authorities to ensure cost allocation base workbooks are adequately reviewed and approved by management. - Established a workflow for segregating duties to strengthen internal controls over processing cost allocation base workbooks. The conditions noted in this finding were previously reported in finding 2019-045. Completion Date: October 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	037	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll changes paid by the Child Care and Development Fund cluster were allowable and properly supported. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$11,207,984 93.596 93.596 COVID-19 Status: Corrective action in progress Corrective Action: In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks. The Department agrees that payroll certifications were not completed timely during the audit period, but maintains that the charges to the grant were allowable. By June 2021, the Department will: • Research the six employees not included on the payroll certifications and will make corrections as applicable. • Complete fiscal year 2020 payroll certifications for the period from January 2020 through June 2020. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. The conditions noted in this finding were previously reported in findings 2019-036 and 2018-033. Completion Date: Estimated June 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	038	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to child care providers for the Child Care and Development Fund Cluster programs were allowable and properly supported. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$7,736 93.596 93.596 COVID-19 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. The Department concurs that 39 out of the 40 payments identified as audit exceptions were partially or fully unallowable due to lack of adequate support, incorrect billing hours, missing signatures, and overtime and field trip fee billing rules. The Department will establish overpayments where appropriate and refer the overpayments to the Department's Office of Financial Recovery for collection. The Department does not concur with the audit exception and questioned costs of \$1,250 related to a provider not having attendance records during a month covered by enrollment-based pay during the COVID-19 pandemic. During this time period, the Department passed emergency rules and updated the CCDF State Plan to allow provider billings based on enrollment without the requirement to submit attendance records to support the billings. These emergency rules covered the period from March 16, 2020 through August 31, 2020. In response to prior audit findings, the Department implemented an electronic attendance system that: • Enables accurate, real-time recording of child care attendance, tracking of daily attendance, and capturing data on child care usage. • Has the ability to support third party electronic attendance systems. The Department continues to add links to more third party systems and improve reporting capabilities. • Generates reports that allows the Department to conduct focused audits beginning in April 2019. New and enhanced reports will also be developed by October 2021. In addition, the Department has begun disqualifying providers convicted of fraud from receiving subsidy payments and subsidy benefits. The Department will: • Update training curriculum and require all licensed homes and family, friend and neighbor providers to complete training

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	038 (cont'd)	prior to the expiration of the 2021-2023 tentative agreement with the Service Employees International Union (SEIU). - Implement a system of monthly units for licensed family homes to simplify billing. - Verify provider rates and fees are accurate prior to changing authorizations, with a goal to develop an automated process for future rate change implementations. - Develop monitoring reports to verify: - Providers are using an approved electronic attendance system after three months of authorized payments. Providers not meeting the requirement will be excluded from receiving child care subsidy until they are in compliance. - Providers are collecting all required attendance documentation in their electronic attendance system. The Department's quality assurance staff will provide technical assistance to providers to resolve attendance record errors. The Department continues to strengthen internal controls over payments to child care providers. The Department established program violation rules in WAC 110-15-0277, but its implementation was halted due to the demand to bargain with SEIU. Upon conclusion of the bargaining, the Department will: - Issue provider program violation notices. - Exclude providers who have four or more program violations from receiving child care subsidy. The Department consults with the U.S. Department of Health and Human Services on audit findings. The audit resolution process includes conducting a case-by-case review and providing additional documentation The conditions noted in this finding were previously reported in findings 2019-035, 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13. Completion Date: Estimated June 2022 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	039	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.558 \$7,513 93.575 93.596 93.596 - COVID-19 Status: Corrective action in progress Corrective Action: During the time period between the completion of the fiscal year 2019 audit and the start of the fiscal year 2020 audit, Washington state was under a statewide lockdown in response to the COVID-19 pandemic. There were significant restrictions imposed, which required numerous emergency rules and subsequent policy and procedure changes to adjust to the impacts on clients and providers. The corrective actions outlined in the prior year's corrective action plan were stalled. In response to the current finding, the Department will obtain the necessary documentation to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection. The Department will also consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. In addition, the Department will continue to improve processes and internal controls, as follows: • Create an overpayment review panel that meets semi-monthly to review assigned overpayments. This panel will ensure correct rule application and identify areas of program vulnerability. • Perform continued quality improvement reviews for procedural modifications related to household composition changes that were implemented late in the fiscal year to address prior year's audit finding. • Improve the Department's internal audit process: ○ Hire a Quality Assurance Administrator to facilitate program integrity efforts based on audit findings and program needs. ○ Replace the Audit 99 auditing system, which was supported by the Department of Social and Health Services, with an updated audit platform that will include a database for root cause analysis. ○ Establish a centralized audit team to conduct program audits following the requirements of the statewide single audit in accordance with the Uniform Guidance. ○ Ensure lead workers conduct coaching and auditing based on program needs to ensure consistency and compliance with program rules.	

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	039 (cont'd)	○ Conduct monthly audit calibration meetings with all lead workers and internal audit staff to ensure agency audit standards are consistently followed. • Create and deliver staff training on using data systems and performing income calculations, specifically the Division of Child Support system and Employment Security Division systems. • Add language to the Consumer's Rights and Responsibilities Form to include the fraud penalty notice and the fraud reporting hotline number. The conditions noted in this finding were previously reported in findings 2019-032, 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017 and 2012-30. Completion Date: Estimated July 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
2020	040	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over matching, level of effort and earmarking requirements and did not comply with matching requirements for the Child Care and Development Fund Cluster programs. <table> <tr> <td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td></td><td>93.575</td><td>\$6,595,589</td></tr> <tr> <td></td><td>93.596</td><td></td></tr> <tr> <td></td><td>93.596 – COVID-19</td><td></td></tr> </table> Status: Corrective action in progress Corrective Action: The Department concurs with the finding. It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted in the second year of operations during a transitional period. There were also additional challenges during the COVID-19 pandemic under the Governor's mandatory stay-home executive order. As of July 2019, the Department began processing and recording state expenditures used to meet matching requirements for the grant. The exceptions identified in the audit were related to the federal fiscal year 2019 award which was still open. The Department has been reconciling the grant to ensure all matching, level of effort and earmarking requirements are met prior to the end of the grant period. In response to the audit recommendations, the Department is working on strengthening internal controls to ensure program expenditures reported by the Department of Social and Health Services are properly supported. The Department will also develop written procedures to document the matching, level of effort, and earmarking processes. If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the grantor and will take appropriate action. Completion Date: Estimated October 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.575	\$6,595,589		93.596			93.596 – COVID-19	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.575	\$6,595,589												
	93.596													
	93.596 – COVID-19													

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	041	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over period of performance requirements for the Child Care and Development Fund Cluster programs. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$0 93.596 93.596 COVID-19 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. The expenditures that were found obligated after the grant's period of performance resulted from incorrect coding and were not spent at the time. No federal funds were drawn from those expenditures and the Department was working on transferring the costs to other funding sources. It should be noted that the Department was created as a new agency as of July 2018 and this audit was conducted during the second year of operations. There were also additional challenges during the COVID-19 pandemic under the Governor's mandatory stay-home executive order. The Department continues to work on documenting and refining internal controls, processes, and procedures. To address the auditors' recommendations, the Department will develop written procedures to ensure expenditures are obligated only during the grant's allowed period of performance. Completion Date: Estimated October 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	042	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund Program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$8,760 93.596 93.596 - COVID-19 Status: Corrective action in progress Corrective Action: The Department is strongly committed to ensuring the health, safety, and well-being of all children in care, and is continuing to work on improving internal controls and processes. The Department: - Established and implemented policies, procedures, and training on the new licensing standards for employees. - Communicated with supervisors and staff regarding required documentation for non-compliance follow-up. - As of March 2020, discontinued the practice of backdating payments after confirmation of a cleared background or fingerprint check. The Department will: - Continue to implement system changes and enhancements to assist with reporting on monitoring visits, background checks, and providers' applicable annual training requirements. - Consult with the grantor on accepting email confirmation in lieu of signature on the health and safety agreement for Family, Friends & Neighbors providers. - Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. The conditions noted in this finding were previously reported in findings 2019-039, 2018-035, 2017-025, 2016-022 and 2015-024. Completion Date: Estimated December 2022 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	043	Finding: The Department of Social and Health Services did not have adequate internal controls over assessing the level of potential fraud risk for the Child Care and Development Fund program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$0 93.596 93.596 - COVID-19 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. All fraud referrals, with the exception of vendor referrals, are processed through the Barcode system. In July 2019, the Department discovered an anomaly in the intake process for phone calls to the fraud hotline, specifically: - Each phone call to the fraud hotline was entered into the Fraud Case Management System (FCMS) first and was given a prioritization number by the intake worker who received the call. - The referral was then sent through the Barcode scoring algorithm which assigned a second prioritization number. However, this second number did not overwrite the existing FCMS score. - This resulted in two different priority numbers for hotline calls between FCMS and Barcode, but the Barcode prioritization number was not accessible to all Department staff. Upon discovery of the technical issue, the Department researched and monitored the process, and subsequently instituted corrective measures in October 2019. Since then, - All fraud referrals by phones are entered into Barcode first to ensure proper prioritization. These prioritizations are then interfaced into FCMS. - No high-priority referrals were aged out. The Department's Office of Fraud and Accountability is building a new case management system, which will address and correct the system anomaly concerning the fraud case intake process by phone. The Department anticipates the new system will be completed by December 2021. Completion Date: Estimated December 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 4804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov	

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	044	Finding:	The Department did not have adequate internal controls over some Public Assistance Cost Allocation Plan requirements.												
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.658</td><td>\$0</td></tr><tr><td>93.658 COVID-19</td><td></td></tr><tr><td>93.659</td><td></td></tr><tr><td>93.778</td><td></td></tr><tr><td>93.778 COVID-19</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.658 COVID-19		93.659		93.778		93.778 COVID-19	
		<u>CFDA #</u>	<u>Amount</u>												
		93.658	\$0												
		93.658 COVID-19													
		93.659													
		93.778													
		93.778 COVID-19													
		Status:	No corrective action taken												
		Corrective Action:	The Department does not concur with the finding. As stated in the prior year’s audit response, the Department has processes and procedures in place for the monthly employee reconciliation of the Random Moment Time Study (RMTS) sampling universe. The headquarter’s cost allocation team follows procedures to create and communicate monthly employee reports to the RMTS Coordinators. The Department maintains that it complies with the federally approved Public Assistance Cost Allocation Plan (PACAP). The Department has also taken additional actions to address system limitations caused by high turnover rates of staff within the cost pools. There is no known deficiency with the integrity of the RMTS, nor are unallowable costs allocated to federal programs. The Department will continue to maintain internal controls over the monthly update process to ensure the RMTS sampling populations are complete. The Department will also work with the federal partners to ensure continued compliance with the PACAP. The conditions noted in this finding were previously reported in finding 2019-044.												
Completion Date:	Not applicable														
Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov														

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	045	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate the Adoption Assistance program expenditures to federal grants. Questioned Costs: <u>CFDA #</u> 93.659 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. In response to the audit recommendations, the Department: - Implemented processes for additional approval authorities to ensure cost allocation edit forms are reviewed and approved by management. - Established a workflow for segregating duties to strengthen internal controls over processing cost allocation edit forms. Completion Date: October 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	046	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid and Children's Health Insurance Programs were properly screened, licensed, and enrolled. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.777 - COVID-19 93.778 93.778 - COVID-19 Status: Corrective action in progress Corrective Action: In response to prior years' audit findings, the Authority has made progress toward revalidation compliance. Due to the COVID-19 pandemic, the Centers for Medicare and Medicaid Services issued emergency declaration blanket waivers in March 2020 through the end of the emergency declaration. These waivers provided the Authority some flexibilities including fingerprint-based criminal background checks and site visits. It also allowed for the expedited processing of any pending and new provider applications, and the postponement of all revalidation actions. As noted in the audit, the Authority had complied with most of the provider revalidation requirements for the majority of the audit period. The Authority will continue to work on: • Establishing adequate internal controls to ensure required database checks with the Excluded Parties List System are completed at least monthly. • Ensuring each provider's screening risk level is properly adjusted. • Implementing a process to conduct fingerprint-based criminal background checks for high risk providers. The conditions noted in this finding were previously reported in findings 2019-048, 2018-042, 2017-033, and 2016-035. Completion Date: Estimated October 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	047	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Service Verifications were performed for eligible nursing home claims or that reports of potential fraud obtained through the Medicaid service verification process were investigated. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.777-COVID-19 93.778 93.778-COVID-19 Status: Corrective action in progress Corrective Action: In March 2021, the Authority implemented the required system enhancement to include nursing home claims in the service verification process. Systems staff subsequently verified that the claim sample selection for April 2021 did include nursing home claims. In addition, the Authority has developed, and is in the process of, finalizing policies and procedures for conducting preliminary investigations when allegations of Medicaid fraud or abuse are received. The conditions noted in this finding were previously reported in finding 2019-052. These conditions were also reported in fiscal years 2018 and 2017, which the auditors considered resolved during the 2019 audit. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	048	Finding:	The Health Care Authority, Division of Program Integrity, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.												
		Questioned Costs:	<table><thead><tr><th><u>CFDA #</u></th><th><u>Amount</u></th></tr></thead><tbody><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.777 - COVID-19</td><td></td></tr><tr><td>93.778</td><td></td></tr><tr><td>93.778 - COVID-19</td><td></td></tr></tbody></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
		<u>CFDA #</u>	<u>Amount</u>												
		93.775	\$0												
		93.777													
		93.777 - COVID-19													
		93.778													
		93.778 - COVID-19													
		Status:	Corrective action in progress												
		Corrective Action:	The Authority has developed and is currently finalizing the policies and procedures for the Audit and Investigations Unit. The Authority will improve internal controls over identifying and referring suspected fraud cases for investigation, which include: • Performing and documenting audits in accordance with division policies and procedures. • Ensuring secondary reviews are conducted for audits to ensure accuracy and completeness. • Ensuring staff conducting fraud reviews has required qualifications. The conditions noted in this finding were previously reported in findings 2019-053 and 2018-047.												
Completion Date:	Estimated June 2021														
Agency Contact:	Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	049	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed periodic audits of cost report data for rate setting, hospital billings and other financial and statistical records for inpatient hospital services.												
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.777 - COVID-19</td><td></td></tr><tr><td>93.778</td><td></td></tr><tr><td>93.778 - COVID-19</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
		<u>CFDA #</u>	<u>Amount</u>												
		93.775	\$0												
		93.777													
		93.777 - COVID-19													
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		93.778 - COVID-19													
		Status:	Corrective action in progress												
		Corrective Action:	The Authority will take the following actions to ensure compliance with federal requirements around periodic audits of financial and statistical records used in the rate-setting process for inpatient hospitals: • Establish and define the audit activities that will be performed by the Authority. • Determine if changes to the Medicaid State Plan are needed to better reflect the required audit activities. The Authority performs annual cost settlements using hospital cost reports which are subject to desk reviews and audits by the Center for Medicare and Medicaid Services and its Medicare administrative contractors. The Authority will consult with the grantor about audit expectations to prevent duplicate audit activities and inefficient use of resources.												
Completion Date:	Estimated July 2021														
Agency Contact:	Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov														

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2020	050	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to report Medicaid Fraud Control Division overpayment recoveries on the CMS-64 report.												
		Questioned Costs:	<table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>93.775</td><td>\$78,028</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.777 - COVID-19</td><td></td></tr><tr><td>93.778</td><td></td></tr><tr><td>93.778 - COVID-19</td><td></td></tr></tbody></table>	CFDA #	Amount	93.775	\$78,028	93.777		93.777 - COVID-19		93.778		93.778 - COVID-19	
CFDA #	Amount														
93.775	\$78,028														
93.777															
93.777 - COVID-19															
93.778															
93.778 - COVID-19															
		Status:	Corrective action in progress												
		Corrective Action:	The Authority concurs with the finding. During the period when staff were transitioning to new positions and receiving training on their new responsibilities, the process of reporting the Medicaid Fraud Control Division (MFCD) overpayment recoveries on the CMS-64 report was inadvertently missed. Prior to the conclusion of the audit, the Authority processed a journal voucher to report the missed overpayment recoveries. The amount will be included on the federal report in the quarter ending March 2021, so the questioned costs reported in the finding will be resolved. To improve internal controls over this process, the Authority has developed a staff checklist that includes the MFCD recovery reporting process.												
		Completion Date:	Estimated June 2021												
		Agency Contact:	Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov												

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	051	Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$284,918,428 93.777 93.777 - COVID-19 93.778 93.778 - COVID-19 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The Department does not agree with the finding conditions as described and maintains that there are adequate internal controls in place to ensure Medicaid payments to supported living providers were allowable and adequately supported. The State Auditor's Office has questioned virtually all of the Department's reimbursements for instruction and support services to supported living clients. This conclusion would suggest the auditors did not believe that any of the services occurred, which is implausible and completely inaccurate. Supported living provider services are reimbursed using a per diem rate. Clients' needs vary by day, and this payment methodology allows providers to meet these changing needs by not carrying the expectation that a set number of hours will be provided to clients each day. The purpose of this reimbursement methodology is to allow service providers flexibility in the provision of services that best meets the clients' complex needs. This methodology was approved by the Center for Medicare and Medicaid Services (CMS). The auditors' requirement of hourly documentation of services for each client to justify services provided is not appropriate. It appears the auditors' evaluation of the Department's oversight and monitoring of supported living services was not reasonable nor aligned to the business model, and led to the determination that most of the fiscal year 2020 supported services reimbursements were not justified. The Department has a number of significant oversight and monitoring strategies that have been detailed and outlined in the response to the finding. It is particularly worth noting that: In July 2019, a formalized and more holistic quality assurance (QA) oversight process was developed and implemented. This new QA oversight approach was adopted with the transition from the legacy service-hour-driven rate system to the person-centered-assessment-driven tiered rate system, and includes routine reviews to ensure supports listed in clients' person-centered service plans align with

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	051 (cont'd)	the supports provided. - Additional contract monitoring efforts were implemented to evaluate providers' performance to ensure compliance with contract terms and conditions. Resource managers' contract monitoring activities are documented in the Residential Agency Tracking Database. It should be noted that in the latter part of fiscal year 2020 (January to June 2020), the Department allowed providers various flexibilities due to the declared emergency in response to the COVID-19 pandemic. The auditors did not take into consideration the flexibilities that the Department approved under its authority. For instance, the auditors stated that cost reports were not submitted or reviewed in a timely manner when, in fact, the Department had allowed additional time for cost report submission and review. The Department acknowledges that there are areas where the oversight and monitoring strategies could be bolstered and improved. By December 2021, the Department will: - Continue to utilize numerous oversight and monitoring strategies consistent with the assurances in the waiver application. - Resume its pre-pandemic cost report oversight and monitoring processes, unless otherwise directed by CMS. - Review and amend its cost report instructions. - Update policy to clarify that bonuses and overtime are a part of wages. - Consider whether available resources are sufficient to increase the number of providers included in the cost report audit. - Determine whether to increase the percentage of clients included in the quality assurance reviews. - Strengthen the quality assurance process to ensure necessary follow-up activities occur, including the referral of overpayment concerns to the appropriate team for further actions. - Communicate with the grantor and convey the Department's position that the per diem reimbursements made during the audit period were justified. The conditions noted in this finding were previously reported in findings 2019-054, 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39. Completion Date: Not applicable Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	052	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal requirements to ensure providers of the Medicaid program were properly screened, licensed, and enrolled. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.777 - COVID-19 93.778 93.778 - COVID-19 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. In response to prior years' audit findings, the Department developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement, and had subsequently completed all nursing facility screenings. However, the Department was not aware that federal database checks include the National Plan and Provider Enumeration System for those nursing facilities contracted on or before March 25, 2001, which were required to be conducted at least every five years by September 2016. The Department became aware of this requirement in 2018 and had completed the required nursing facility validations by October 2018. The Department is aware that this subset of revalidations was not completed timely and that the finding will likely remain unresolved through September 2021 or until these facilities are revalidated at the end of the subsequent five-year period. The Department also implemented additional internal controls to ensure Medicaid providers are properly screened, licensed, and enrolled. The Department will continue to maintain the controls currently in place for the provider revalidation process and will codify them into formal policies and procedures to ensure continued federal compliance, including: • The monthly database check with the System for Awards Management and the appropriate actions taken when necessary. This process has been ongoing since 2014. • The entire process for the termination of provider applications or revalidations that are found to be ineligible. As of November 2020, the Department developed a high-risk provider tracking process. By September 2021, a workgroup will be established to develop policies and procedures for completing fingerprint-based criminal background checks for the high-risk providers. By November 2021, the Department will convene a fingerprint-based	

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	052 (cont'd)	criminal background check stakeholder workgroup to provide an overview of rules and requirements, with a goal to formally adopt policies and procedures by April 2022. By July 2022, a training plan for the fingerprint-based criminal background checks will be established for providers and staff. The conditions noted in this finding were previously reported in findings 2019-062 and 2018-057. Completion Date: Estimated July 2022 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	053	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.561 \$0 93.558 93.556 93.778 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. Due to the timing and frequency of audits, the Department is not made aware of a finding until six months after the state fiscal year concludes. It is not always feasible to correct audit issues within the next six months before a new audit cycle begins. This also means the previous year's audit issues will still be outstanding during at least the first six months of the current audit period. For this reason, we acknowledged in the prior year's finding response that it is unlikely the audit issues would be completely resolved in the fiscal year 2020 audit or beyond. As part of the Department's corrective action plan for the prior year finding, the Department: - Implemented processes to ensure monthly staff reconciliations are performed. - Developed standard guidelines and procedures for updating the eligible staff list in Barcode. In December 2020, upon discovery of the errors related to incorrect entry of Random Moments Time Samples (RMTS) results into the base edit workbooks, the Department immediately updated the process for completing the workbooks to ensure RMTS results are uploaded correctly into the Cost Allocation System. As of January 2021, the Department supervisor for the RMTS auditors reviewed the Public Assistance Cost Allocation Plan with the team to ensure understanding of the criteria for modifying an RMTS sample during an audit. By May 2021, the Department will: - Develop and implement a process to conduct a monthly review on a subset of the staff on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in Barcode. - Update current guidance to provide additional examples to staff on types of activities that are appropriate for each selection.

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	053 (cont'd)	Complete a one-time review of a subset of RMTS samples to conduct root cause analysis and determine whether additional training, procedure changes, or system changes are needed. The conditions noted in this finding were previously reported in finding 2019-008. Completion Date: Estimated May 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	054	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with federal requirements for completing nursing home recertification surveys in a timely manner. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.777 - COVID-19 93.778 93.778 - COVID-19 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Department has established internal controls and monitoring practices in place for completing nursing home recertification surveys, which resulted in compliance with federal survey interval requirements for years. This audit has helped to bring to the attention that these processes have not been adequately documented. By September 2021, each region and field office unit will establish master survey schedules. The Regional Administrators and Office Chief have been directed to monitor these scheduled surveys on a monthly basis to meet the statewide federally required averages by the end of the federal fiscal year. By October 2021, the Department will develop policies and procedures documenting the survey monitoring and oversight responsibilities. Completion Date: Estimated October 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	055	Finding: The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure it responded promptly to complaints for Medicaid hospitals. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.777 - COVID-19 93.778 93.778 - COVID-19 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Department is committed to ensuring grant programs comply with state and federal regulations related to assessment of and response to hospital complaints. Program staff hold weekly meetings with the Centers for Medicare and Medicaid Services to discuss complaint cases that are in process. To address the audit recommendations, the Department hired additional staff to assist with the complaint intake process for the entire division. The Department is in the process of updating protocols to ensure hospital complaints are handled promptly and meet federal requirements. The conditions noted in this finding were previously reported in finding 2019-046. Completion Date: Estimated June 2021 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	056	Finding: The Health Care Authority improperly charged \$20,000 for payments made to providers under the Opioid State Targeted Response program. Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$20,000 Status: Corrective action in progress Corrective Action: The Authority has procedures in place to ensure provider payments are proper. The audit found a provider payment was made that exceeded the amount allowed under contract terms. Fiscal staff had originally identified the over-billing and requested a corrected invoice, but inadvertently processed the payment against the original invoice resulting in an overpayment. The Authority is working with the provider on repayment and will consult the grantor regarding resolution of the questioned costs. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-5986 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	057	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Opioid State Targeted Response program received required risk assessments. Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients. Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented. The conditions noted in this finding were previously reported in finding 2019-066. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	058	Finding: The Department of Children, Youth, and Families improperly charged \$135,685 for salaries and benefits to the Maternal, Infant, and Early Childhood Home Visiting grant. Questioned Costs: <u>CFDA #</u> 93.870 <u>Amount</u> \$135,685 Status: Corrective action in progress Corrective Action: In response to the COVID-19 pandemic, the Washington State Governor issued directives to implement the Stay Home, Stay Healthy Order, hiring freezes, and staff furloughs. As a result, resources for the cost allocation and grants unit were prioritized to the most vital areas of managing the pandemic responses and funding-related tasks. The Department has established processes in place for program staff to review direct charges monthly. The Department agrees that payroll certifications for two employees were not completed timely during the audit period but maintains that the charges to the grant were allowable. In response to the audit recommendations, the Department completed a journal voucher to correct the misapplied payroll charges of \$3,508. By June 2021, the Department will: • Complete fiscal year 2020 payroll certifications for January 2020 through June 2020. • Consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. The conditions noted in this finding were previously reported in finding 2019-067, which the auditors determined to be resolved. Completion Date: Estimated June 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	059	Finding: The Health Care Authority did not have adequate internal controls to ensure payments made under the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period-of-performance requirements. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$431,797 Status: Corrective action in progress Corrective Action: The Authority will transfer expenditures charged to the grant prior to the period of performance back to general state funds. Expenditures that were charged after the period of performance will be moved to the appropriate grant period. The Authority will also improve internal controls for payments made under the Block Grant programs to ensure: • Account coding is correctly applied to payments for the correct grant period. • Payments are made only for allowable activities and within the appropriate period of performance. • Accounting adjustments are reviewed and approved, assuring program and period of performance requirements are met. The Authority will work with the grantor on resolution of the questioned costs. Completion Date: Estimated October 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	060	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with cash management requirements for the Block Grants for Prevention and Treatment of Substance Abuse. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Authority has established controls in place over cash management requirements. The auditors identified that some drawdowns not occurring as required were due to a vacant staff position and the priority to complete accounting adjustments for the grant. It should also be noted that in most cases, the decision not to do drawdowns was a result of monitoring the award and identifying pending adjustments that could have led to negative expenditures. The Authority will: • Work to improve documentation around drawdown decisions to ensure compliance with federal requirements including the Cash Management Improvement Act. • Contact the Office of Financial Management regarding the possibility of revising pertinent section on the 2022 State Treasury Agreement that would allow the Authority to address the unique situations when drawdowns are not necessary. Completion Date: Estimated October 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2020	061	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal level-of-effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: To help states manage the financial impact of the Coronavirus pandemic, the federal government enhanced the federal participation rates for some programs, including the block grant program. This resulted in reduced state matching requirements. The Authority is requesting a waiver from the Substance Abuse and Mental Health Services Administration to reduce the level-of-effort requirements. In addition, the Authority will improve internal controls over the monitoring of level-of-effort requirements to include: • Ensuring accurate report criteria are used to monitor spending levels. • Ensuring staff follow the policies and procedures for state-funded transfers to ensure state spending thresholds are met. The conditions noted in this finding were previously reported in finding 2019-069. Completion Date: Estimated October 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	062	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with the reporting requirements for the Substance Abuse Prevention and Treatment Block Grant. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action not taken Corrective Action: The Authority does not concur with the finding. The expenditure amounts reported on the SF-425 federal financial reports for the Substance Abuse Prevention and Treatment Block Grant are allowable and supported by accounting records. The large and complex nature of block grants require diligent management to ensure accurate and appropriate spending and reporting. The period of performance often overlaps for consecutive grant years, and the two-year window for payments under the grant further complicates the grant closeout process. It is not unusual to take months to balance and reconcile expenditures at closeout. The Authority is aware of the need to comply with cost allowability and period of performance. It is for this reason that staff spend considerable time on review, research, and adjustments to ensure that expenditures are charged to the appropriate award based on month of service, and that reporting is accurate. Adjustments of expenditures after the report date and above the grant award amount were normal adjustments resulting from the review and research, and were not claimed for federal reimbursement under the grant. The December 2019 SF-425 report reflected the full 2018 grant expenditures that were allowable and within the grant performance period; therefore, no corrective action is needed. The Authority will consult with the grantor on the process for making adjustments after a grant award is closed when those adjustments do not affect the federal amount claimed. Completion Date: Not applicable Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	063	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Authority concurs with the finding. The Authority's contracts department has begun working on amendments to include all required subaward information on current contracts. The Authority continues to work on improving internal controls and establishing policies and procedures to ensure: • Subrecipients are accurately classified during the contract review and approval process. • All required information is included when subawards are issued and communicated to the subrecipient. The conditions noted in this finding were previously reported in finding 2019-070. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	064	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: Since the Authority assumed responsibilities over the grant program in fiscal year 2019, a multi-divisional subrecipient monitoring workgroup was established to develop internal controls and monitoring procedures for subrecipients. Prior to conclusion of the audit, the workgroup had developed and approved an effective subrecipient risk assessment process. The Authority is currently scheduling staff training to ensure a consistent process is followed across the agency. Once staff training is complete, the risk assessment process will be fully implemented. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2020	065	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal subrecipient monitoring requirements for the Block Grants for Prevention and Treatment of Substance Abuse program. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Authority has already taken the following steps to address the audit recommendations: - Established a multi-divisional subrecipient monitoring workgroup to develop internal controls and monitoring procedures for subrecipients. - Developed and is finalizing a consistent and uniform process across all units to track and monitor desk and site visits for subrecipients. In addition, the Authority's Office of Tribal Affairs undertook a formal consultation process with the Indian Nation representatives with the following results: - Established protocols to complete monitoring activities with each Indian Nation on a biennial basis. - Obtained consent from each Indian Nation in March 2021 for the monitoring tools developed. - Sent formal monitoring requests to each Indian Nation in April 2021. - Scheduled desk monitoring to begin in May 2021. Completion Date: Estimated June 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

State of Washington

Single Audit Report

For Fiscal Year Ended

June 30, 2020

Auditee's Section

Summary Schedule of Prior Audit Findings

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

May 19, 2021

Washington State Auditor's Office
ATTN: Jim Brownell, Audit Manager
3200 Sunset Way S.E.
Olympia, WA 98504-0031

To the Washington State Auditor's Office:

Enclosed with this letter is the state of Washington's Summary Schedule of Prior Audit Findings for the following audit findings in the fiscal year 2020 Single Audit report.

Finding Number	State Agency	Corrective Action Status	Page Number
2019-001	State of Washington	In progress	H - 15
2019-002	Department of Social and Health Services	Complete	H - 17
2019-003	The Office of Superintendent of Public Instruction	Complete	H - 18
2019-004	The Office of Superintendent of Public Instruction	In progress	H - 19
2019-005	The Office of Superintendent of Public Instruction	In progress	H - 20
2019-006	Department of Health	In progress	H - 21
2019-007	Department of Health	Complete	H - 22
2019-008	Department of Social and Health Services	In progress	H - 23
2019-009	Department of Social and Health Services	In progress	H - 24
2019-010	Department of Commerce	In progress	H - 25

Finding Number	State Agency	Corrective Action Status	Page Number
2019-011	Department of Commerce	In progress	H - 26
2019-012	Employment Security Department	Corrective action not taken	H - 28
2019-013	Employment Security Department	Complete	H - 30
2019-014	Department of Transportation	Complete	H - 31
2019-015	Department of Transportation	In progress	H - 32
2019-016	Department of Transportation	In progress	H - 33
2019-017	Department of Transportation	In progress	H - 34
2019-018	Department of Transportation	In progress	H - 35
2019-019	Department of Transportation	In progress	H - 37
2019-020	Department of Transportation	Complete	H - 38
2019-021	Department of Transportation	Complete	H - 39
2019-022	Department of Transportation	Complete	H - 40
2019-023	Department of Social and Health Services	In progress	H - 41
2019-024	Department of Social and Health Services	Complete	H - 42
2019-025	Department of Social and Health Services	Complete	H - 43
2019-026	Department of Services for the Blind	Complete	H - 44
2019-027	Department of Services for the Blind	In progress	H - 45
2019-028	State Health Care Authority	In progress	H - 46
2019-029	Department of Social and Health Services	Complete	H - 47
2019-030	Department of Social and Health Services	In progress	H - 49
2019-031	Department of Social and Health Services	Complete	H - 51

Finding Number	State Agency	Corrective Action Status	Page Number
2019-032	Department of Social and Health Services	In progress	H - 53
2019-033	Department of Commerce	Complete	H - 55
2019-034	Department of Commerce	Complete	H - 56
2019-035	Department of Children, Youth, and Families	In progress	H - 58
2019-036	Department of Children, Youth, and Families	In progress	H - 60
2019-037	Department of Children, Youth, and Families	Corrective action not taken	H - 61
2019-038	Department of Children, Youth, and Families	In progress	H - 62
2019-039	Department of Children, Youth, and Families	In progress	H - 63
2019-040	Department of Children, Youth, and Families	Complete	H - 65
2019-041	Department of Children, Youth, and Families	Complete	H - 66
2019-042	Department of Children, Youth, and Families	Complete	H - 67
2019-043	Department of Children, Youth, and Families	Complete	H - 68
2019-044	Department of Children, Youth, and Families	In progress	H - 69
2019-045	Department of Children, Youth, and Families	In progress	H - 70
2019-046	Department of Health	In progress	H - 71
2019-047	State Health Care Authority	In progress	H - 72
2019-048	State Health Care Authority	In progress	H - 73
2019-049	State Health Care Authority	Corrective action not taken	H - 74
2019-050	State Health Care Authority	Complete	H - 75
2019-051	State Health Care Authority	In progress	H - 76
2019-052	State Health Care Authority	In progress	H - 77

Finding Number	State Agency	Corrective Action Status	Page Number
2019-053	State Health Care Authority	In progress	H - 78
2019-054	Department of Social and Health Services	Corrective action not taken	H - 79
2019-055	Department of Social and Health Services	In progress	H - 82
2019-056	Department of Social and Health Services	Complete	H - 84
2019-057	Department of Social and Health Services	In progress	H - 86
2019-058	Department of Social and Health Services	In progress	H - 89
2019-059	Department of Social and Health Services	Complete	H - 91
2019-060	Department of Social and Health Services	Corrective action not taken	H - 93
2019-061	Department of Social and Health Services	Corrective action not taken	H - 94
2019-062	Department of Social and Health Services	In progress	H - 95
2019-063	Department of Social and Health Services	Complete	H - 97
2019-064	State Health Care Authority	Complete	H - 98
2019-065	State Health Care Authority	In progress	H - 99
2019-066	State Health Care Authority	In progress	H - 100
2019-067	Department of Children, Youth, and Families	Complete	H - 101
2019-068	State Health Care Authority	Complete	H - 102
2019-069	State Health Care Authority	In progress	H - 103
2019-070	State Health Care Authority	In progress	H - 104
2018-001	State of Washington	Repeat finding	Refer to finding 2019-001 at H - 15
2018-002	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2018-003	Department of Health	Complete	H - 105

Finding Number	State Agency	Corrective Action Status	Page Number
2018-004	Department of Health	Complete	H - 106
2018-005	Department of Health	Complete	H - 107
2018-006	Department of Health	Repeat Finding	Refer to finding 2019-006 at H - 21
2018-008	Military Department	Complete	H - 108
2018-011	Department of Transportation	Repeat Finding	Refer to finding 2019-014 at H - 31
2018-012	Department of Transportation	Repeat Finding	Refer to finding 2019-016 at H - 33
2018-013	Department of Transportation	Repeat Finding	Refer to finding 2019-018 at H - 35
2018-014	Department of Transportation	Complete	H - 109
2018-015	Department of Transportation	Complete	H - 111
2018-016	Department of Ecology	Complete	H - 113
2018-017	Department of Ecology	Complete	H - 114
2018-019	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-027 at H - 45
2018-020	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-026 at H - 44
2018-021	Department of Social and Health Services	Complete	H - 115
2018-022	Department of Social and Health Services	Complete	H - 117
2018-023	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2018-024	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-025 at H - 43
2018-025	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2018-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2018-027	Department of Social and Health Services	Complete	H - 118
2018-028	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49

Finding Number	State Agency	Corrective Action Status	Page Number
2018-029	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2018-030	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-032 at H - 53
2018-032	Department of Commerce	Repeat Finding	Refer to finding 2019-034 at H - 56
2018-033	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-036 at H - 60
2018-034	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-035 at H - 58
2018-035	Department of Children, Youth, and Families	Repeat Finding	Refer to finding 2019-039 at H - 63
2018-037	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-043 at H - 68
2018-038	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-040 at H - 65
2018-039	Department of Social and Health Services	Complete	H - 120
2018-041	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 72
2018-042	State Health Care Authority	Repeat Finding	Refer to finding 2019-048 at H - 73
2018-045	State Health Care Authority	Complete	H - 121
2018-046	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 76
2018-047	State Health Care Authority	Repeat Finding	Refer to finding 2019-053 at H - 78
2018-048	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 74
2018-049	State Health Care Authority	Complete	H - 122
2018-050	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-055 at H - 82
2018-051	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-056 at H - 84
2018-052	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-061 at H - 94
2018-053	Department of Social and Health Services	Complete	H - 123
2018-054	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-060 at H - 93

Finding Number	State Agency	Corrective Action Status	Page Number
2018-055	Department of Social and Health Services	Complete	H - 125
2018-056	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-059 at H - 91
2018-057	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-062 at H - 95
2018-058	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-054 at H - 79
2018-059	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 86
2018-060	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 89
2018-061	Military Department	Complete	H - 126
2017-001	State of Washington	Repeat Finding	Refer to finding 2019-001 at H - 15
2017-002	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-002 at H - 17
2017-008	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-026 at H - 44
2017-010	Department of Services for the Blind	Repeat Finding	Refer to finding 2019-027 at H - 45
2017-012	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-022 at H - 117
2017-013	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-021 at H - 115
2017-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2017-016	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2017-017	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2017-019	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-027 at H - 118
2017-020	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49
2017-021	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2017-022	Department of Social and Health Services	Complete	H - 127
2017-024	Department of Early Learning	Repeat Finding	Refer to finding 2019-035 at H - 58

Finding Number	State Agency	Corrective Action Status	Page Number
2017-025	Department of Early Learning	Repeat Finding	Refer to finding 2019-039 at H - 63
2017-026	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-032 at H - 53
2017-028	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-040 at H - 65
2017-030	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-039 at H - 120
2017-031	State Health Care Authority	Repeat Finding	Refer to finding 2019-047 at H - 72
2017-032	State Health Care Authority	Complete	H - 128
2017-033	State Health Care Authority	Repeat Finding	Refer to finding 2019-048 at H - 73
2017-035	State Health Care Authority	Complete	H - 130
2017-036	State Health Care Authority	Complete	H - 132
2017-037	State Health Care Authority	Repeat Finding	Refer to finding 2019-051 at H - 76
2017-038	State Health Care Authority	Repeat Finding	Refer to finding 2019-049 at H - 74
2017-039	State Health Care Authority	Complete	H - 133
2017-040	State Health Care Authority	Corrective Action Not Taken	H - 134
2017-041	State Health Care Authority	Complete	H - 135
2017-043	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-053 at H - 123
2017-044	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-054 at H - 79
2017-045	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-057 at H - 86
2017-046	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-058 at H - 89
2017-047	Department of Social and Health Services	Complete	H - 136
2017-048	Department of Social and Health Services	In progress	H - 138
2017-049	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-059 at H - 91

Finding Number	State Agency	Corrective Action Status	Page Number
2017-050	Department of Social and Health Services	In progress	H - 140
2017-052	Military Department	Repeat Finding	Refer to finding 2018-061 at H - 126
2016-001	State of Washington	Repeat Finding	Refer to finding 2019-001 at H - 15
2016-002	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-002 at H - 17
2016-011	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-022 at H - 117
2016-012	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-021 at H - 115
2016-013	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-023 at H - 41
2016-014	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-028 at H - 46
2016-016	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-030 at H - 49
2016-017	Department of Social and Health Services	Repeat Finding	Refer to finding 2018-027 at H - 118
2016-018	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-031 at H - 51
2016-019	Department of Social and Health Services	Repeat Finding	Refer to finding 2019-029 at H - 47
2016-021	Department of Early Learning	Repeat Finding	Refer to finding 2019-035 at H - 58
2016-022	Department of Early Learning	Repeat finding	Refer to finding 2019-039 at H - 63
2016-023	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2016-026	Department of Social and Health Services	Repeat finding	Refer to finding 2018-039 at H - 120
2016-028	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2016-032	State Health Care Authority	Repeat Finding	Refer to finding 2017-035 at H - 130
2016-033	State Health Care Authority	Complete	H - 142
2016-034	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 74
2016-036	Department of Social and Health Services	Repeat finding	Refer to finding 2018-053 at H - 123

Finding Number	State Agency	Corrective Action Status	Page Number
2016-043	Department of Social and Health Services	Repeat finding	Refer to finding 2019-058 at H - 89
2016-044	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138
2016-045	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2016-047	Department of Social and Health Services	Complete	H - 143
2016-048	Department of Social and Health Services	Complete	H -144
2015-002	State of Washington	Repeat finding	Refer to finding 2019-001 at H - 15
2015-003	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2015-016	Department of Social and Health Services	Repeat finding	Refer to finding 2019-028 at H - 46
2015-020	Department of Social and Health Services	Repeat finding	Refer to finding 2018-027 at H - 118
2015-021	Department of Social and Health Services	Repeat finding	Refer to finding 2019-031 at H - 51
2015-023	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2015-024	Department of Early Learning	Repeat finding	Refer to finding 2019-039 at H - 63
2015-026	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2015-030	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2015-037	State Health Care Authority	Complete	H - 145
2015-039	State Health Care Authority	Repeat finding	Refer to finding 2019-049 at H - 74
2015-040	Department of Social and Health Services	Repeat finding	Refer to finding 2019-059 at H - 91
2015-041	Department of Social and Health Services	Complete	H - 146
2015-044	Department of Social and Health Services	Repeat finding	Refer to finding 2018-053 at H - 123
2015-049	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2015-051	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138

Finding Number	State Agency	Corrective Action Status	Page Number
2014-019	Department of Social and Health Services	Repeat finding	Refer to finding 2019-028 at H - 46
2014-022	Department of Social and Health Services	Repeat finding	Refer to finding 2019-002 at H - 17
2014-023	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2014-026	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2014-034	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2014-042	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
2014-046	Department of Social and Health Services	Repeat finding	Refer to finding 2019-061 at H - 94
2014-048	Department of Social and Health Services	Repeat finding	Refer to finding 2017-048 at H - 138
2013-016	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
2013-017	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
2013-020	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
2013-036	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
12-28	Department of Early Learning	Repeat finding	Refer to finding 2019-035 at H - 58
12-30	Department of Social and Health Services	Repeat finding	Refer to finding 2019-032 at H - 53
12-39	Department of Social and Health Services	Repeat finding	Refer to finding 2019-054 at H - 79
12-49	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
11-23	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
11-38	State Health Care Authority	Repeat finding	Refer to finding 2019-047 at H - 72
10-31	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
10-40	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72
09-12	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58

Finding Number	State Agency	Corrective Action Status	Page Number
09-19	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72
08-13	Department of Early Learning / Department of Social and Health Services	Repeat finding	Refer to finding 2019-035 at H - 58
08-25	Department of Social and Health Services	Repeat finding	Refer to finding 2019-047 at H - 72

The state's Summary Schedule of Prior Audit Findings is a compilation of the corrective action information provided to us by the applicable state agencies. The Summary Schedule of Prior Audit Findings document is prepared in conjunction with the 2020 Single Audit.

We appreciate the efforts of the Washington State Auditor's Office in completing the Single Audit for the state for fiscal year 2020. If you have any questions regarding the Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

Brian Tinney
Assistant Director, Accounting

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	001	Finding: The State's internal controls over financial reporting were insufficient to ensure accurate recording and monitoring of financial activity in its financial statements. Questioned Costs: <u>CFDA #</u> N/A Status: Corrective action in progress Corrective Action: The Office of Financial Management (OFM), with the collaboration of state agencies, strives for the highest standards in the preparation of the state's financial statements. OFM has discussed the issues with the agencies included in this finding and provided assistance in developing their respective corrective action plans. Responses from each agency are listed below: <i>State Board for Community and Technical Colleges</i> Since July 2017, the State Board for Community and Technical Colleges (State Board) has been working on developing and implementing an automated process to accurately and completely upload ctcLink financial transactions into the state's accounting system, Agency Financial Reporting System (AFRS). As of April 2019, the State Board implemented an automated AFRS customized upload process after a yearlong design and testing effort. This upload process provided the State Board the ability to extract college data, process errors, and report data through June 2019 to the Office of Financial Management. On July 1, 2019, a newly re-designed global chart of accounts was implemented, which has significantly improved the college system's ability to consistently track and report revenues and expenses. However, this implementation affected the AFRS upload process; requiring the customization to be re-configured to work with the new chart of accounts. As of October 2019, the re-configured customization was completed, tested, and successfully deployed. In April 2020, it was discovered that an update to the global chart of accounts affected the customized programming that uploads data into AFRS. The issues have since been identified and addressed, and the State Board is currently reviewing and uploading corrected data for November 2019 through May 2020. The State Board has been working on fine-tuning the automated upload process and providing training to college clients on the newly implemented process. As of February 2020, the State Board hired a System ctcLink Account Coordinator, a new position dedicated to coordinate, review, and support	<u>Amount</u> \$0

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

State of Washington

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	001 (cont'd)	the AFRS upload process. In June 2020, an additional accounting staff member was assigned to support the year-end upload process. As of June 2020, State Board leadership, finance staff, and programmers meet weekly to monitor progress, identify needed resources and make critical decisions. This process has led to steady progress, resulting in improved functionalities being deployed in July and August 2020. The State Board will continue to: • Improve and add functionalities to the customized automated upload process. • Provide technical assistance to all colleges in their efforts to reconcile accounting records with the state accounting system. <i>Healthcare Authority</i> The Authority recognizes the significance and priority of internal controls over recording and reporting financial transactions. The Authority disagrees that annual assurances over ProviderOne controls are necessary or that the Authority did not address monitoring in its ProviderOne contract language. Currently, the vendor provides an independent service organization control (SOC) audit every other year. The estimated additional cost to purchase an annual SOC audit report is \$470,000 each biennium. In both 2019 and 2020, the Authority requested funding from the Legislature to contract for the additional SOC audit report. This request was not funded. The Authority will continue to request funds to obtain this report in order to resolve the audit finding. Completion Date: Estimated November 2020 Contact: Brian Tinney Statewide Accounting Assistant Director PO Box 43127 Olympia, WA 98504-3127 (564) 999-1781 brian.tinney@ofm.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	002	Finding: The Department of Social and Health Services improperly charged \$717,011 to the SNAP Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.551 \$717,011 10.561 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. While the Department concurs \$717,011 in expenditures were initially charged to the SNAP-Ed grant before the start of the performance period, the Department does not concur it was out of compliance with grant regulations. The Department corrected the charges during August 2019, which is within the grant's two-year federal period of performance cycle. As of February 2020, the Department implemented the following: • Monthly reviews to identify and correct expenditures that are out of compliance with period of performance requirements. • A final end-of-the-year review to ensure all expenditures charged outside the period of performance are corrected before the state accounting records close. During February 2020, the Department requested an additional full-time accounting position to assume the responsibility for monitoring compliance with period of performance requirements. As of May 2020, the Department added a full time accounting position to assume the responsibility for monitoring compliance with period of performance requirements. If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with the Department of Health and Human Services and will take appropriate action. The conditions noted in this finding were previously reported in findings 2018-002, 2017-002, 2016-002, 2015-003 and 2014-022. Completion Date: May 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	003	Finding: The Office of the Superintendent of Public Instruction did not ensure Child Nutrition Cluster program reimbursements were made only to entities operating under a written agreement with the Office. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.553 \$33,923 10.555 10.556 10.559 Status: Corrective action complete Corrective Action: The Office concurs with this finding. The Office renews all program agreements annually in addition to processing new sponsor agreements. The Office maintains adequate internal controls to ensure program reimbursements are made only to entities operating under a written agreement with the Office. This finding resulted from an isolated incident where the sponsor switched between programs during the initial application process. As a result, a permanent agreement for the program was not collected from the sponsor. In response to the audit finding, the Office: - Developed a new Child Nutrition Programs agreement to minimize confusion over the appropriate type of program agreement to be used. - Updated internal processes for review and approval of sponsor program applications. As of December 2019, the contract department approved the updated agreement template and started working on implementation of the new process. As of February 2020, the Department: - Started the new process with the updated Child Nutrition Programs agreement. - Consulted with the federal grantor and was informed that the known questioned costs identified by the audit are not required to be repaid. Completion Date: February 2020 Agency Contact: Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	004	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with suspension and debarment requirements for Child Nutrition Cluster program subrecipients. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.553 \$0 10.555 10.556 10.559 Status: Corrective action in progress Corrective Action: The Office concurs with this finding. To improve internal controls over federal suspension and debarment requirements, the Office: • Developed a new Child Nutrition Programs agreement template to include information and attestation to suspension and debarment requirements. • Updated internal processes for review and approval of program applications. As of December 2019, the contract department approved the updated agreement template. The Office is currently working on the implementation of the new process. As of February 2020, the Department started the new process with the updated Child Nutrition Programs agreement. Completion Date: In progress Agency Contact: Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

The Office of Superintendent of Public Instruction

Agency 350

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	005	Finding: The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with requirements to properly account for USDA donated foods. Questioned Costs: <u>CFDA #</u> 10.553 10.555 10.556 10.559 Status: Corrective action in progress Corrective Action: The Office concurs with the finding. The Office has taken corrective actions to strengthen internal controls over accounting for USDA donated foods. As of August 2020, the Office drafted and implemented internal policies and procedures regarding the reconciliation process for donated foods and ensuring physical inventories are reconciled with inventory records. By August 2021, the Office will pursue a new/updated electronic food distribution system that includes tracking and reporting capabilities to assist with the reconciliation process. The Office is currently undertaking current system review and documenting needs of the new system. Completion Date: Estimated August 2021 Agency Contact: Leanne Eko Director, Child Nutrition Services PO Box 47200 Olympia, WA 98504 (360) 725-0410 Leanne.eko@k12.wa.us	<u>Amount</u> \$0

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	006	Finding: The Department of Health did not have adequate internal controls over and did not comply with cash management requirements for the Special Supplemental Nutrition Program for Women, Infants, and Children grant. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. As of July 2019, the Department updated the Cash Management Improvement Act (CMIA) agreement to accurately reflect planned cash draw actions for fiscal year 2020. To strengthen internal controls over program cash management, the Department: - Reviewed and updated agency procedures to ensure cash draws are performed in accordance with the current CMIA agreement. - Provided training to ensure staff understand the federal requirements related to cash management. - Began cross training on the cash draw process to ensure draws are performed timely and in compliance with federal regulations. The conditions noted in this finding were previously reported in finding 2018-006. Completion Date: In progress Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	007	Finding: The Department of Health did not have adequate internal controls over and did not comply with requirements for procurements of goods and services funded by the Special Supplemental Nutrition Program for Women, Infants, and Children program. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$0 Status: Corrective action complete. Corrective Action: This finding resulted from a misunderstanding about an entity thought to be a quasi-governmental entity, which led to the procurement using an intergovernmental agreement instead of a competitive contracting process. As of December 2019, the Department: - Terminated the contract with the entity that listed itself as a quasi-governmental entity. - Processed a replacement contract with the entity for grant program services using established contract procedures and the appropriate non-interagency contract terms. - Executed contracts for other grant programs with the entity that met sole source criteria following procedures stipulated in the Department of Enterprises Services procurement policies. - Communicated to contract staff that they must confirm the legal status of all entities. Additionally, the Department will: - Send periodic reminders to staff regarding the legal status of entities. - Confirm and document the quasi-governmental status of all new entities in the procurement files. Completion Date: January 2020 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status											
2019	008	Finding:	The Department of Social and Health Services did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan requirements.										
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.561</td><td>\$0</td></tr><tr><td>93.558</td><td></td></tr><tr><td>93.566</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	10.561	\$0	93.558		93.566		93.778	
		<u>CFDA #</u>	<u>Amount</u>										
		10.561	\$0										
		93.558											
		93.566											
		93.778											
		Status:	Corrective action in progress										
		Corrective Action:	The Department concurs with the finding. As of May 2020, the Department: - Updated the Public Assistance Cost Allocation (CAS) Plan to reflect current practice of allowing Random Moment Time Sample (RMTS) coordinators to complete samples on behalf of the workers. - Submitted the updated CAS Plan to the federal grantor for approval. By December 2020, the Department will: - Develop and implement a process to ensure the monthly RMTS staff reconciliations are performed when key personnel are out of the office. - Work with region staff to develop and implement standard guidelines and procedures for updating the eligible staff list in the Barcode system. - Conduct a monthly review on a subset of the staff listed on the reconciliation report to ensure the RMTS coordinators are properly updating the eligible staff list in the Barcode system.										
		Completion Date:	Estimated December 2020										
Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov												

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	009	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program. Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Department maintains and regularly updates the general terms and conditions of federal contracts which address the broad federal rules that apply to all federal sub-awards. As of December 2019, the Department implemented a secondary review process to ensure federal requirements are met before issuing sub-awards. As of January 2020, the Department modified the funding application form requiring contractors to indicate whether they have ever negotiated a federally-negotiated indirect rate with the federal government. By September 2020, the Department will: • Modify the federal contract templates for the Crime Victims Assistance program to include the indirect cost rate. The template update request will be submitted to the contract unit for implementation. • Work with the Department of Commerce to ensure a coordinated and unified approach for expanding the fiscal monitoring of subrecipients to include reimbursement requests for all activities, and not just those for goods and services. These process changes and additional requirements for subrecipients will be effective for contracts awarded beginning in state fiscal year 2021. Completion Date: Estimated September 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	010	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Crime Victims Assistance program. Questioned Costs: <u>CFDA #</u> 16.575 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Department's Crime Victims Assistance (CVA) program established procedures to expand fiscal monitoring over all reimbursements by requiring back up documentation for salaries and benefits, and subcontracted services. The documentation needs to: - Clearly document exact costs, calculations, percentage charged to the grant, and allocation method for costs allocated across multiple fund sources. - Link actual expenditures to the amounts requested for the reimbursement. In addition, CVA established procedures for documenting monitoring activities that are conducted during onsite visits, which include: - Review of a sample of timesheets to verify and confirm salaries and benefits charged on previously submitted invoices are appropriately supported. - Review of subrecipient's fiscal policies and procedures. - Documenting any other fiscal monitoring activities on the site visit report. As of February 2020, CVA updated the subaward certification form to include whether the subrecipient has a federally negotiated indirect rate. This will ensure the subaward clearly identifies the indirect cost rate. Completion Date: In progress Agency Contact: Shanna-Mae Cullen-Oden Internal Audit Manager PO BOX 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	011	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Crime Victim Assistance program or the Low-Income Home Energy Assistance program received required audits and findings were followed up on timely. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 16.575 \$0 93.568 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. As described in the finding, the Department has written policies and procedures for subrecipient monitoring including: • Verifying whether the subrecipient requires a single audit. • Reviewing audit reports. • Following-up on subrecipient audit findings. • Ensuring management decisions are issued timely when required. The Department's Contract Management System (CMS) contains a field to indicate if a single audit is required for a subrecipient at the time a contract is entered into the system. Staff generate quarterly reports from CMS to identify subrecipients that: • Have audit requirements to help ensure audit reports are submitted, and any audit findings are identified and captured in the system. • Do not have audit requirements have submitted verification forms. Due to the timing of the report reviews, information is not always collected timely to enable follow-up with subrecipients within the required time frame. To improve internal controls, the Department will: • Update procedures to run the CMS report prior to the end of the nine month required time frame so reminders can be sent to subrecipients. • Work with staff responsible for entering audits into CMS to ensure audit requirements are correctly indicated. • Ensure audit reports are properly reviewed and identify findings that require appropriate follow-up actions in accordance with federal regulations. • Improve communication to staff to ensure work processes follow established policies related to subrecipient audit monitoring. The Department will follow up on the subrecipient audit finding identified during the audit and issue a management decision as required by federal regulation.

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	011 (cont'd)	Completion Date: Estimated August 2020 Agency Contact: Jean Denslow Managing Director, Accounting Services PO Box 42525 Olympia, WA 98504 (360) 725-2739 jean.denslow@commerce.wa.gov

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Summary Schedule of Prior Audit Findings

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Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	012	Finding: The Employment Security Department did not have adequate internal controls over fiscal monitoring requirements to ensure Workforce Innovation and Opportunity Act program funds were being used for allowable purposes. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 17.258 \$0 17.259 17.278 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The Department maintains that current subrecipient monitoring process and procedures are adequate to meet all federal requirements and to ensure funds expended are on allowable services for eligible participants. Federal regulations require grantees to perform subrecipient monitoring on an annual basis to ensure proper internal controls exist across pass-through entities, subrecipients and contractors expending federal funds. In accordance with this requirement, the Department established a mandatory annual onsite monitoring process for the Workforce Development Councils (WDCs). A risk-based assessment process is also in place to support the onsite reviews and continues throughout the monitoring process. The Department has the following established procedures in monitoring WDCs, which involve staff from multiple units: • Funds management staff and fiscal staff conduct on-going review of supporting documentation for funding requests from WDC. These reviews form part of the initial risk assessment prior to the onsite reviews. • Subrecipient monitoring staff performs analysis of each WDC's spending documentation to assess its capacity to handle funds and deliver services. This analysis often helps to shape the scope of each review. • During onsite reviews, subrecipient monitoring staff: ○ Review recent draw requests by WDCs and all supporting documentation for allowability, allocability and reasonableness. ○ Review internal control policies, processes and procedures. If control weaknesses are identified, WDCs are required to develop corrective action plans to address identified deficiencies. ○ Review supportive services provided to participants by WDCs or their subrecipient/service providers. ○ Review participant files to ensure that individuals receiving services are eligible and were reported correctly to the federal grantor.

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Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	012 (cont'd)	○ Follow up on audit issues identified by independent annual audit of each WDC, which in most cases will include audit of the Workforce Innovation and Opportunity Act programs. ○ Review WDCs monitoring procedures of their subrecipients, including tools, working papers and documentation, to ensure adequate monitoring for the proper use and expenditures of grant funds. ● If internal control deficiencies or questioned costs are identified during onsite reviews, monitoring staff will expand the scope of work, which may include reviewing: ○ Additional expenditures ○ Prior periods ○ Closed contracts ● Subrecipient monitoring staff will provide continuous oversight and work with WDCs to ensure corrective action plans are fully implemented. The Department will work with the federal grantor through the normal audit resolution process to determine if the finding was substantiated. Completion Date: Not applicable Agency Contact: Ben Hainline Director of Internal Audit PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 bhainline@esd.wa.gov

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Summary Schedule of Prior Audit Findings

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Employment Security Department

Agency 540

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	013	Finding: The Department did not have adequate internal controls to ensure management decisions related to Workforce Innovation and Opportunity Act findings were issued in a timely manner. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 17.258 \$0 17.259 17.278 Status: Corrective action complete Corrective Action: The Department concurs with the finding. As of January 2020, the Department: - Updated and implemented the <i>Workforce Innovation and Opportunity Act Audit Requirement, Reports and Resolution</i> policy to align with federal requirements. - Updated the internal process of documenting and communicating management decisions to subrecipients. Completion Date: January 2020 Agency Contact: Ben Hainline Director of Internal Audit PO Box 9046 (360) 902-9276 BHainline@ESD.WA.Gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	014	Finding: The Washington State Department of Transportation did not have adequate internal controls over and did not comply with suspension and debarment requirements. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action complete Corrective Action: The Department is committed to ensuring grant programs comply with federal regulations. The Department's program staff performed a review of the subrecipients and confirmed that none of the local agencies that received payments were suspended or debarred. In response to prior year's audit finding, the Department: • Updated the Local Agency Guidelines (LAG) Manual to require explicit language regarding suspension and debarment be included in subrecipient contracts. • Updated the contract template to include a suspension and debarment clause for subrecipients to certify. Since the prior year's audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement corrective actions during the 2019 audit period. The Department anticipates full compliance with the suspension and debarment requirement by fiscal year 2020. The conditions noted in this finding were previously reported in finding 2018-011. Completion Date: June 2019 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	015	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to conduct program and fiscal monitoring of subrecipients for the Highway Planning and Construction cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring that our grant programs comply with federal regulations related to subrecipient monitoring. To address the audit recommendations, the Department's Local Programs Division will examine current policies and procedures/practices related to the audit issues. In addition, the Department will: • Update the Local Agency Guidelines (LAG) Manual to reflect the scheduling of a Project Management Review (PMR) once the project is substantially complete or complete. • Work with the Federal Highway Administration (FHWA) to approve updates to the LAG Manual, recognizing the modification to the scheduling of PMRs. • Attempt to complete PMRs in the required 3-year timeframe until the agreement and LAG Manual updates are completed. • Communicate changes to policies and procedures, the LAG Manual, and the agreement to Local Program staff and stakeholders. Completion Date: Estimated October 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	016	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to perform risk assessments for subrecipients of the Highway Planning and Construction Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring grant programs comply with federal regulations regarding required risk assessments. In response to prior year's audit finding, the Department took corrective actions to address the audit recommendations, as follows: • As of June 2019, established a risk assessment program to inform required monitoring activities. • Developed a risk assessment form to document assessments performed. • Communicated information on the risk assessment program to appropriate headquarters and regional staff. • Reviewed initial risk assessment forms completed by regional staff to ensure they were proper. Since the prior year's audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement corrective actions during the 2019 audit period. The Department anticipates full compliance with the risk assessment requirement by fiscal year 2020. The conditions noted in this finding were previously reported in findings 2018-012. Completion Date: In progress Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	017	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to ensure subrecipients received required single audits, findings related to federal program awards were followed up on, and management decisions were issued. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring. The Department received an informal audit recommendation in a prior audit regarding monitoring all subrecipients' single audit status. The Department subsequently consulted with the Federal Highway Administration's (FHWA) Washington Division Office to determine the extent of the responsibilities of state agencies. FHWA agreed that the Department's guidance in the Local Agency Guidelines Manual appeared to meet the intent of the requirements in 2 CFR 200.331 and 2 CFR 200.501 with respect to subrecipient audit requirements. FHWA further stated that obtaining written verification from each subrecipient below the audit threshold is not the only means to achieve compliance. To resolve the issues in this finding, the Department will : • Continue to work with FHWA, the Office of the State Auditor, and other stakeholders to take any required actions to remain compliant with all federal requirements, and communicate those actions to appropriate staff and stakeholders. • Issue management decisions for subrecipient audit findings when required. • Implement an electronic method to communicate with subrecipients regarding whether a single audit is required. This plan has been delayed to August 2020 due to the pandemic. Completion Date: Estimated September 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov	

State of Washington - Office of Financial Management
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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	018	Finding:	The Washington State Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Highway Planning and Construction Cluster.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>20.205</td><td>\$0</td></tr><tr><td>20.219</td><td></td></tr><tr><td>20.224</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	20.205	\$0	20.219		20.224	
		<u>CFDA #</u>	<u>Amount</u>								
		20.205	\$0								
		20.219									
		20.224									
		Status:	Corrective action in progress								
		Corrective Action:	The Department does not concur with the finding. After consulting with the Federal Highway Administration (FHWA) and conducting additional research, the Department maintains that the current process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages. In April 2019, the Department received a management decision letter from FHWA for the fiscal year 2018 finding, in which it stated: <i>FHWA approved the Department's Construction Manual and Standard Specifications and confirmed that documented procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and the Davis-Bacon and Related Acts.</i> <i>FHWA agreed that current processes in place are reasonable and satisfy the intent of the Department of Labor's certified payroll requirements.</i> In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated: <i>In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications.</i> <i>FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf).</i> <i>FHWA considers this finding to be resolved.</i> In an effort to continue to improve, the Department took the following actions to collect certified payrolls timely: - Highlighted the requirements for collecting certified payrolls at statewide construction meetings.								

State of Washington - Office of Financial Management
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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	018 (cont'd)	- Released an agency-wide Construction Bulletin regarding the monitoring and timely collection of certified payrolls. - Worked with the Department of Labor and Industries (L&I) to utilize their Prevailing Wage Intent & Affidavit (PWIA) system to electronically collect and store certified payrolls. The PWIA system went live on January 1, 2020, and is expected to obtain federal system certification by the end of 2020. Since the prior year's audit finding was issued late in the fiscal year 2019 audit cycle, the Department was not able to fully implement these improvements during the current audit period. The full effectiveness of these changes cannot be determined until the fiscal year 2020 audit cycle. The Department continues to strive for improvements in this area. To further address the audit recommendations, the Department: - Updated the Prime Contractor's Performance Report Manual to include certified payrolls submission. - Updated training on the requirements to collect certified payrolls. - Updated the Construction Manual to include language for certified payroll collection requirements under the new L&I PWIA System. - Continued to work with FHWA for any further actions needed to resolve this finding. The conditions noted in this finding were previously reported in finding 2018-013. Completion Date: In progress Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	019	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with quality assurance program requirements to ensure materials conform to approved plans and specifications for projects funded by the Highway Planning and Construction Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.205 \$0 20.219 20.224 Status: Corrective action in progress Corrective Action: The Department is committed to ensuring that grant programs comply with federal regulations related to quality assurance requirements, safeguarding that materials and workmanship conform to approved plans and specifications through testing, inspections, or certifications. To address the audit recommendations, the Department's Construction Division examined current processes, policies, and procedures related to the audit issues. The Department: • Updated policies and procedures, including the Department's Construction (M46-01) and Standard Specifications (M41-10) Manuals, as needed to ensure compliance with federal requirements including emergency contracts and facilities contracts (Section 9-1.2C). • Clarified processes and procedures as needed for adequately documenting materials testing, inspections, certification, and acceptance. • Obtained approval of updates to the Construction Manual from the Federal Highway Administration. • Communicated changes in policies and procedures to division staff and stakeholders. Completion Date: In progress Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	020	Finding: The Department of Transportation made unsupported payments to subrecipients of the Federal Transit Cluster program. Questioned Costs: <u>CFDA #</u> 20.526 <u>Amount</u> \$1,093,061 Status: Corrective action complete Corrective Action: The Department is committed to ensuring that grant programs comply with federal regulations related to allowable costs. To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues. The Department: • Updated policies and procedures as needed to ensure capital project reimbursements have complete supporting documents from grantees prior to making payment. • Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. • Consulted with the grantor and determined that the questioned costs do not need to be repaid. All supporting documentation has been obtained and is available to the grantor upon request. Completion Date: June 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	021	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with federal requirements to monitor the activities of subrecipients with subawards funded by the Federal Transit Cluster. Questioned Costs: <u>CFDA #</u> 20.526 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring. To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues. The Department: • Updated the Consolidated Grant Guidebook to change the site visit monitoring requirement from every two years to every biennium. • Updated policies and procedures to ensure Division staff: ○ Perform grantee monitoring as required in the Consolidated Grant Guidebook. ○ Properly document monitoring efforts. ○ Monitor receipt of required progress reports from grantees. • Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. Completion Date: June 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	022	Finding: The Department of Transportation did not have adequate internal controls to ensure subrecipients received single audits required by federal rule, findings related to federal program awards were followed up on and management decisions were issued. Questioned Costs: <u>CFDA #</u> 20.526 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department is committed to ensuring that grant programs comply with federal regulations related to subrecipient monitoring. To address the audit recommendations, the Department established a work group within the Public Transportation Division (Division) to examine federal regulations, grantee guidance documents, and existing Division internal policies and procedures related to the audit issues. The Department: - Updated policies and procedures for Division staff performing grantee monitoring activities to ensure: - Subrecipients receive single audits as required by federal rules. As of February 2020, subrecipients submitted their responses to letters sent for the 2018 audit cycle. Letters for the 2019 audit cycle will be sent to subrecipients by September 2020. - Staff follow up on findings and issue management decisions when required. The Department has already issued three management letters for the 2018 audits received. - Obtained management approval and communicated changes in policies and procedures to Division staff and stakeholders. Completion Date: June 2020 Agency Contact: Jesse Daniels External Audit Liaison PO Box 47320 Olympia, WA 98504 (360) 705-7035 danielje@wsdot.wa.gov	

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	023	Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with federal requirements to ensure payments paid on behalf of clients for Vocational Rehabilitation were allowable. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$19,898 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. As of May 2020, the Department issued communication to the field staff to clarify and reinforce the requirements for: • Proper authorization and payment for client services. • Obtaining both client signature and date on the service plan. • Maintaining all necessary documents in case records. As of June 2020, the Department reviewed the current contract language, policy and payment process related to the age requirements for pre-employment transition services. Contract language will be updated as appropriate as contracts come due for renewal. By December 2020, the Department will: • Review current policies and the case management system related to service plan changes and implement recommendations if needed. These could include: ○ Conditions for amendments and edits to the service plan. ○ Case management system changes. • Review procedures regarding authorization and payment timelines and implement recommendations if needed. The Department will contact the federal grantor to determine if questioned costs are to be reimbursed. The conditions noted in this finding were previously reported in findings 2018-023, 2017-014, and 2016-013. Completion Date: Estimated December 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	024	Finding: The Department of Social and Health Services improperly charged \$279,844 to the Vocational Rehabilitation grant. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$279,844 Status: Corrective action complete Corrective Action: The Department concurs with the finding. As of May 2020, the Department: • Moved the expenditures to the proper grant year to ensure funds were correctly charged to the grant. • Developed process and procedures to ensure federal grant expenditures are obligated during the period of performance. The Department contacted the federal grantor to determine if questioned costs identified in the audit should be repaid, and is awaiting a response. Completion Date: May 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	025	Finding: The Department of Social and Health Services did not have adequate internal controls to ensure its federal program cost report for the Vocational Rehabilitation grant was accurately prepared. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. As of December 2019, the Department established written procedures to re-implement secondary reviews for the program cost reports (RSA-2). A secondary review was completed for the most recent RSA-2 report that was submitted in December 2019. The conditions noted in this finding were previously reported in findings 2018-024. Completion Date: December 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov	

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Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	026	Finding: The Department of Services for the Blind did not have adequate internal controls over and was not compliant with requirements to ensure cash draws were accurate and made timely for the Vocational Rehabilitation program. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department continued to experience staff turnover in the fiscal unit that affected the level of oversight over the federal draw process. In response to prior audit findings, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls over cash management. As of December 2018, the Department hired consultants to: • Recommend an organizational structure for the fiscal unit. • Assist with drafting agency policies and procedures related to cash management. As of February 2020, the Department: • Recruited a Senior Financial Officer with an understanding of grant requirements. Working in tandem with the Deputy Financial Officer, a secondary review process is in place. • Completed the draft policies and procedures for cash management and submitted them for review. As of June 2020, the Department: • Adopted the new cash management policies and procedures. • Implemented separation of duties within the fiscal unit when drawing federal funds. • Provided training to staff on the new processes. The conditions noted in this finding were previously reported in findings 2018-020 and 2017-008. Completion Date: June 2020 Agency Contact: Lorie Christoferson Deputy Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 725-3840 Lorie.christoferson@dsb.wa.gov	

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Department of Services for the Blind

Agency 315

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	027	Finding: The Department of Services for the Blind did not have adequate internal controls over reporting requirements for the Vocational Rehabilitation Grant. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department continued to experience staff turnover in the fiscal unit that affected the level of oversight over the federal reporting process. In response to prior audit findings, the Department implemented corrective actions to address the audit recommendations and to strengthen internal controls over creating and reviewing program cost reports. As of December 2018, the Department hired consultants to: • Recommend an organizational plan for the fiscal unit. • Assist with evaluating current processes and controls relating to federal reporting. As of February 2020, the Department: • Recruited a Senior Financial Officer with an understanding of grant reporting requirements. Working in tandem with the Deputy Financial Officer, a secondary review process is in place. • Completed the draft policies and procedures for federal grant reporting and submitted them for review. As of June 2020, the Department: • Adopted the new policies and procedures for federal grant reporting. • Formalized a review process to ensure program cost reports are prepared accurately and adequately supported. • Provided training to staff on the new processes. The conditions noted in this finding were previously reported in finding 2018-019 and 2017-010. Completion Date: In progress Agency Contact: Lorie Christoferson Deputy Financial Officer PO Box 40933 Olympia, WA 98504-0933 (360) 725-3840 Lorie.christoferson@dsb.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	028	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.243 \$0 93.959 Status: Corrective action in progress Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs. The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for: - Assessing and updating policies and procedures related to subrecipient monitoring. - Strengthening internal controls to ensure: - Subrecipients submit required audits. - Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. - All audit findings and correction action plans are tracked and management decisions are issued promptly. Due to the Authority's COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed. The conditions noted in this finding were previously reported in findings 2018-025, 2017-016, 2016-014, 2015-016, and 2014-019. Completion Date: Estimated March 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	029	Finding: The Department of Social and Health Services did not have adequate internal controls to ensure payments to child care providers paid with Temporary Assistance for Needy Families funds were allowable. Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$4,382 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. The Department collaborated with the Department of Children, Youth, and Families (DCYF) to procure an electronic attendance record system. The system enables accurate and real-time recording of child care attendance, tracks daily attendance, and captures data on child care usage. As of December 2018, licensed providers who accept subsidies are required to use DCYF's electronic attendance record system or an approved third party system to track attendance. As of November 2019, Family, Friends, & Neighbors (FFN) providers were added to this requirement. Of the nine exceptions reported, the Department concurs that six of the payments were partially or fully unallowable. By September 2020, the Department will work with DCYF to establish overpayments where appropriate and refer these overpayments to the Office of Financial Recovery for collection. The Department does not concur that three of these payments were unallowable. The auditor found these payments to be unallowable because the providers submitted records for the correct month, but not for the child sampled. However, the Department was not given the opportunity to follow up with the providers to obtain the appropriate attendance records. The Department and DCYF have already reached out to the providers and will continue to follow up on the missing attendance records and determine the appropriate next steps. If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action. The conditions noted in this finding were previously reported in findings 2018-026, 2017-017, and 2016-019. Completion Date: September 2020	

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	029 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	030	Finding: The Department of Social and Health Services did not have adequate internal controls in place to ensure it submitted accurate quarterly reports for the Temporary Assistance for Needy Families grant. Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. In response to prior years' audit finding for the Temporary Assistance for Needy Families (TANF) grant, the Department established written code change policies and procedures and developed a process to track code changes. As of September 2019, the Department implemented: • IT industry standard formal change control procedures and change control logs. The change control procedures include written descriptions of the roles and responsibilities of staff who make coding changes and management who review the changes. • Microsoft Team Foundation Server for source code control, testing, and quality assurance activities. • The requirement of completing a technical assessment form when changes are requested for the TANF federal reporting process. Technical assessment forms are subject to independent review and approval by the TANF Reporting Manager before code changes are executed. Due to the timing of implementation, these process changes and the resulting improvement in internal controls will not be reflected until the fiscal year 2020 audit cycle. The Department continues to: • Conduct a review of each quarterly report to identify potential fatal and warning edits. • Conduct a quarterly quality assurance process by randomly selecting a sample of the reported cases to verify against source data system records for accuracy. The department manager reviews a summary of the results and assigns cases for correction as needed. As of June 2020, the Department filled a position for performing and documenting independent reviews and testing of code changes prior to deployment to the production environment.

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	030 (cont'd)	The conditions noted in this finding were previously reported in findings 2018-028, 2017-020, and 2016-016. Completion Date: In progress Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u>Richard.Meyer@dshs.wa.gov</u>

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	031	Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with requirements to ensure quarterly and annual reports for the Temporary Assistance for Needy Families grant were submitted accurately. Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. The Department concurs that one of the four quarterly reports tested did not have supporting accounting records, and that a data entry error of \$1 million was found on one other quarterly report. The Department corrected the error in a subsequent quarterly report prior to the audit. Following the discovery of this error, the Department implemented a secondary review process to prevent data entry errors. The Department does not concur with the auditors' statement that the Department did not maintain adequate documentation to support the \$480 million expenditures of other state agencies reported as part of the maintenance of effort (MOE) requirement. In response to the prior two years' audit findings, the Department: - Added an additional control by updating the attestations at the beginning of each year to include written declarations for all participants to state that the previous year's sources are viable for the current fiscal year. - Implemented a quarterly monitoring/reporting schedule for all MOE sources to ensure timely confirmation that reported expenditures are allowable and accurate. By using the attestations, quarterly monitoring/reporting and data exchanges, the Department reviews the expenditures of each partnering agency to ensure they are accurate, verifiable, not used for any other federal matching purpose, and are adequately supported. The Department maintains that these compensating controls meet federal regulations requiring expenditures to be "verifiable." As of June 2020, the Department hired an additional full time accounting position that will be responsible for managing the Temporary Assistance for Needy Families grant to include preparation and submission of quarterly reports. In addition, this position will be responsible for creating a sustainable emergency backup plan to ensure coverage during absences, as well as strengthening and enhancing internal controls. The conditions noted in this finding were previously reported in findings 2018-029, 2017-021, 2016-018, and 2015-021.

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	031 (cont'd)	Completion Date: June 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	032	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Working Connections Child Care program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.558 \$66,555 93.575 93.596 Status: Corrective action in progress Corrective Action: The Department partially concurs with the audit finding. Effective July 1, 2019, the Department transferred responsibility for administering all aspects of client (consumer) eligibility determination and child care provider payment under the Child Care Development Fund (CCDF) to the Department of Children, Youth, and Families (DCYF). Further changes and enhancements to this program are within the purview of DCYF. The Department concurs that eligibility was not properly determined before services were authorized in the 14 cases identified by the auditors. The Department will work with DCYF to establish overpayments where appropriate and refer to the Office of Financial Recovery for collection. Since July 2019, DCYF has been working on strengthening internal controls over consumer eligibility determination for the Working Connections Child Care (WCCC) program. As of November 2019, DCYF: • Implemented consumer program violation rules and processes. • Provided training to employees on policy and procedural changes for verifying household composition. • Developed desk aids and letter templates for employee use when requesting information from families. To address consumer child care fraud, DCYF submitted legislation which resulted in a new state law that disqualifies consumers for five years when found guilty of obtaining child care benefits fraudulently. DCYF also: • Developed policies and procedures to support the new state law. • Developed and provided new training to help employees better utilize available systems to detect fraud. Currently, DCYF is conducting post-eligibility review audits for data input accuracy. By September 2020, DCYF will: • Communicate processes for determining approved activity hours for WorkFirst participants.

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	032 (cont'd)	• Develop and deliver employee training on using available data systems, specifically those from the Department's Division of Child Support and Division of Employment Security. • Improve the process for timely closure of consumer cases on the 60th day for cases approved under presumptive eligibility with new employment, but for which the consumer subsequently failed to provide employment verification. • Improve automated notification to eligibility staff for families that have a recent investigation completed by the Office of Fraud and Accountability. • Develop verification procedures when families report changes. • Add language to the application form addressing household composition verification and fraud penalty notice. • Improve automated notifications to assist eligibility staff in tracking and verifying residence of the non-custodial parent. • Assign internal auditors to conduct statewide reviews of audits performed by field lead workers related to household composition. If the Department of Health and Human Services (HHS) contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs with HHS and will take appropriate action. The conditions noted in this finding were previously reported in findings 2018-030, 2017-026, 2016-023, 2015-026, 2014-026, 2013-017, and 12-30. Completion Date: Estimated September 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	033	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with earmarking requirements for the Low Income Home Energy Assistance program. Questioned Costs: <u>CFDA #</u> 93.568 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. Previously, the Department's Low-Income Home Energy Assistance (LIHEAP) program tracked conservation education, other direct services, and direct services under one budget line item of "direct services." In October 2018, LIHEAP made adjustments to program practices to track program expenditures by individual master index codes in the Department's Contract Management System and statewide accounting system. As of February 2020, master index codes have been established for the following expenditure categories: • Administrations • Conservation education • Direct services • Other direct services • Other emergency services • Contractor advances The use of tracking expenditures using master index codes will provide adequate internal controls to meet federal earmarking requirements. Completion Date: February 2020 Agency Contact: Shanna-Mae Cullen-Oden Internal Audit Manager PO Box 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	034	Finding: The Department of Commerce did not have adequate internal controls over and did not comply with subrecipient monitoring requirements for the Low-Income Home Energy Assistance program. Questioned Costs: <u>CFDA #</u> 93.568 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. In response to prior year's audit recommendations, the Low-Income Home Energy Assistance program (LIHEAP) had strengthened internal controls over monitoring activities of subrecipients to ensure program subawards are used for authorized purposes. The current monitoring process: - Increased the threshold for onsite and desk monitoring review from one to three months of fiscal transactions. - Required general ledger and back up documentation to be submitted for each selected transaction to verify costs are allowable. LIHEAP has established procedures to expand fiscal monitoring over reimbursements by requiring back up documentation for each request, which include a roll-up summary that: - Documents the exact costs charged to the grant by specific codes in the accounting system assigned to the grant. - Links actual expenditures to the amounts requested for reimbursement. LIHEAP has also established procedures for documenting monitoring activities that are conducted during onsite visits, which include: - Review of a sample of timesheets to verify and confirm salary/benefits charged on previously submitted invoices are appropriately supported. - Review of subrecipient's fiscal policies and procedures. - Documenting any other fiscal monitoring activities on the site visit report. As of February 2020, LIHEAP updated the subaward certification form to include whether the subrecipient has a federally negotiated indirect rate. This will ensure the subaward clearly identifies the indirect cost rate. The conditions noted in this finding were previously reported in finding 2018-032. Completion Date: February 2020

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Department of Commerce

Agency 103

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	034 (cont'd)	Agency Contact: Shanna-Mae Cullen-Oden Internal Audit Manager PO Box 42525 Olympia, WA 98504 (360) 725-4030 Shanna-mae.cullen-oden@commerce.wa.gov

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	035	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payments to childcare providers for the Child Care and Development Fund program were allowable. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$7,199 93.596 Status: Corrective action in progress Corrective Action: The Department partially concurs with the audit finding. The Department concurs that, out of the 22 exceptions identified in the finding, 20 payments were partially or fully unallowable due to incomplete records or billing hour errors. The Department will establish overpayments where appropriate and refer the overpayments to the Office of Financial Recovery for collection. In response to prior audit findings, the Department implemented an electronic attendance system that: • Enables accurate, real-time recording of childcare attendance, tracking of daily attendance, and capturing data on childcare usage. • Has the ability to support third party electronic attendance systems. The Department continues to add links to more third party systems and improve reporting capabilities. • Generates reports allowing the Department to conduct focused audits beginning in April 2019. New and enhanced reports will also be developed by October 2020. The Department has also taken the following actions: • As of December 2018, required all licensed providers who accept subsidy payments to use the Department's electronic attendance system or an approved third party system to track attendance. • As of July 2019, implemented rules to address provider and family fraud and intentional program violations, including the following: ○ Provide technical assistance to providers with billing issues and recommend steps to eliminate billing errors. ○ Exclude providers with repeat violations from receiving childcare subsidy. ○ Disqualify providers convicted of fraud from receiving subsidy payments and subsidy benefits. • As of August 2019, required all new licensed and license-exempt providers to use the Department's new electronic system within three full months after authorization to receive subsidy payments.

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	035 (cont'd)	- As of November 2019, updated and published new billing guides to assist providers with understanding the billing rules, authorization, and the billing process. - As of December 2019, required family, friend, and neighbor (FFN) providers to use an electronic attendance system; updated training curriculum and required all licensed homes and FFN providers to complete the training prior to the expiration of the 2019-2021 tentative agreement with the Service Employees International Union. The auditors reported overpayments due to providers billing for overtime. During the audit period, state law required a policy be in place to also charge overtime to private paying families. The Department updated rules to eliminate this requirement in April 2020, and expects no further associated payment errors will occur for this issue. To continue strengthening internal controls over payments to child care providers, the Department will: - Continue to research options for simplifying authorization and billing rules. - Explore options for verifying provider rates and fees. The Department consults with the U.S. Department of Health and Human Services on audit findings and questioned costs. The audit resolution process includes conducting a case-by-case review and providing additional documentation. The conditions noted in this finding were previously reported in findings 2018-034, 2017-024, 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13. Completion Date: Estimated June 2021 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	036	Finding: The Department of Children, Youth, and Families did not have adequate internal controls and did not comply with requirements to ensure payroll charges to the Child Care and Development Fund program were allowable and properly supported. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$25,875,872 93.596 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. During the audit period, semi-annual certifications were not completed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. In response to the audit recommendations, the Department: • Implemented a payroll certification policy effective August 2019. • Completed the semi-annual certifications for July 2018 through December 2018. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. By December 2020, the Department will complete the semi-annual certifications for January 2019 through December 2019. If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. The conditions noted in this finding were previously reported in finding 2018-033. Completion Date: Estimated December 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	037	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with matching requirements for the Child Care and Development Fund. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$440,578 93.596 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The Department works closely with the Department of Social and Health Services (DSHS) and maintains that both agencies have adequate internal controls in place to ensure compliance with matching requirements of the Child Care and Development Fund grant. There has been no audit exception in this compliance area reported by the State Auditor's Office (SAO) in previous audits. Due to miscommunication between DSHS and SAO on the request for information during audit testing, the Department did not have sufficient time to provide the level of details needed for clear and convincing evidence that the Department complied with the requirement and met the required state match. By April 2020, the Department will work with DSHS to obtain the appropriate documentation to submit to the U.S. Department of Health and Human Services (HHS) that supports the amount of state match reported by the Department. If HHS contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. Completion Date: Not applicable Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	038	Finding: The Department of Children, Youth, and Families improperly charged \$4,212,863 to the Child Care and Development Fund program. <table> <tr> <td>Questioned</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td>Costs:</td><td>93.575</td><td>\$4,212,863</td></tr> <tr> <td></td><td>93.596</td><td></td></tr> </table> Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. During the audit period, grant reconciliations were not performed timely because the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Since then, the Department has prioritized reconciliations of the Child Care and Development Fund grants. Based on these reconciliations, the Department has identified and made corrections to expenditures to comply with the period of performance requirements. However, these corrections were made outside of the audit period and therefore were not taken into consideration when the auditors concluded audit work and issued this finding. It should also be noted that due to the late timing of the auditors' request for and review of financial records, the Department was not given sufficient time to complete verification of \$6,591 and determine if this amount was actually charged to the incorrect grant period. In response to the audit recommendations, the Department: • Strengthened internal controls to ensure grant expenditures are obligated and liquidated within the grant period of performance. • Completed journal voucher corrections of the expenditures identified as charged to the incorrect grant period. If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. Completion Date: In progress Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.575	\$4,212,863		93.596	
Questioned	<u>CFDA #</u>	<u>Amount</u>									
Costs:	93.575	\$4,212,863									
	93.596										

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Summary Schedule of Prior Audit Findings

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June 30, 2020

Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	039	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.575 \$0 93.596 Status: Corrective action in progress Corrective Action: The Department concurs with the finding and is strongly committed to ensuring the health, safety, and well-being of all children in care. <i>Provider Inspections</i> The Department has taken corrective actions to ensure timely follow-up on health and safety violations identified on the Facility Licensing Compliance Agreement. As of August 2019, the Department: - Established three different risk levels for corresponding violations, which require follow-up within specific timelines depending on the level of risk associated with the violations. - Updated policies and procedures to reflect the new risk-based methodology for ensuring health and safety violations follow-up are conducted timely and are adequately documented. As of February 2020, the Department added an enhancement in the new electronic licensing system, WA Compass, to track when follow-up health and safety visits are due. <i>Background Checks</i> In October 2018, the Department implemented the new background check rules for license-exempt Family, Friends, & Neighbors (FFN) providers. Due to limited staffing resources and high volume of providers, the portable background check (PBC) process often did not commence timely, resulting in delay in processing provider applications. During this period of transition to bring the Department into compliance with changes in the new federal grant reauthorization rules, the Department's license exempt team would request backdating FFN providers' payment start date in some instances when their PBC results were returned as approved. As of March 2020, the Department has ceased the backdating practice for all new PBCs. The Department will consult with the grantor to discuss whether the estimated questioned costs identified in the audit should be repaid.

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	039 (cont'd)	The conditions noted in this finding were previously reported in findings 2018-035, 2017-025, 2016-022, and 2015-024. Completion Date: In progress Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	040	Finding: The Department of Children, Youth, and Families improperly charged \$161,394 to the federal Foster Care grant. Questioned Costs: <u>CFDA #</u> 93.658 <u>Amount</u> \$161,394 Status: Corrective action complete Corrective Action: The Department does not concur with the audit finding. As of July 1, 2018, the Department took over the responsibilities of managing the Foster Care program from the Department of Social and Health Services. The auditors determined that \$161,394 of federal expenditures were not supported because this amount could not be reconciled between the Department's provider payment system (SSPS) and the State's accounting system (AFRS). While SSPS does interface with AFRS, it is not the only payment mechanism utilized when paying for eligible foster care services. As such, there will always be a difference in the total expenditures between the two systems. The Department will consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid. The conditions noted in this finding were previously reported in finding 2018-038 and 2017-028. Completion Date: June 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	041	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure direct payroll charges for the foster care grant were allowable and properly supported. Questioned Costs: <u>CFDA #</u> 93.658 <u>Amount</u> \$7,967,305 Status: Corrective action complete Corrective Action: The Department concurs with the finding. During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, semi-annual certifications were not completed timely. In response to the audit recommendations, the Department: • Implemented a payroll certification policy effective August 2019. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. The Department is currently working on completing fiscal year 2020 payroll certifications. By December 2020, the Department will complete the semi-annual certifications for July 2018 through June 2019. If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. Completion Date: December 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	042	Finding: The Department of Children, Youth, and Families made improper payments to Foster Care providers. Questioned Costs: <u>CFDA #</u> 93.658 <u>Amount</u> \$4,443,104 Status: Corrective action complete Corrective Action: The Department concurs with the audit finding. A new federal law became effective in October 2018 that required all providers to pass fingerprint-based background checks before providing services to clients. Due to stakeholders' concerns, the Department implemented a provisional hire policy and submitted a waiver request to the Administration for Children and Families (ACH) to seek additional time to comply with the new law. In April of 2019, the request was denied. In response to ACH's denial of the Department's waiver request, the Department took the following actions: • As of July 2019, implemented new policies regarding fingerprint-based background check requirements in accordance with the new federal law requirements. • As of September 2019, calculated the amount of improper payments made between October 2018 and June 2019. • Submitted a budget request to the Legislature to repay the ineligible reimbursements. In June 2020, the Department performed a review of the reconciliation spreadsheet for improper payments provided to the auditors during the audit. The Department found that the amount of improper payments reported in the finding also included the Medicaid program. The actual improper payments for the Foster Care program was \$1,624,228.64, of which \$812,114.32 was the federal share. The Department will return the correct overpayment amount to the federal grantor. Completion Date: September 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	043	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure it separately identified and reported demonstration project costs. Questioned Costs: <u>CFDA #</u> 93.658 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department is responsible for managing the state's Foster Care program since July 2018. As of October 2019, the Department implemented the following corrective actions in response to the prior year's finding: - Assigned specific system coding in FamLink, the system used to track costs for service payments and contracts. The new codes track payments made for the demonstration project. - Revised the reporting process to separately identify and report project costs for both the Title IV-E Foster Care program and the demonstration project. The Department will work with the grantor if revisions to prior reports are determined to be necessary. The conditions noted in this finding were previously reported in finding 2018-037. Completion Date: October 2019 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	044	Finding:	The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with some Public Assistance Cost Allocation Plan Requirements.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.658</td><td>\$0</td></tr><tr><td>93.659</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.658	\$0	93.659		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.658	\$0								
		93.659									
		93.778									
		Status:	Corrective action in progress								
		Corrective Action:	The Department concurs with the finding. The Department has process and procedures in place for the monthly employee reconciliation of the Random Moment Time Study (RMTS) sampling universe. The audit found the headquarter cost allocation team was following procedures to create and communicate monthly employee reports to the RMTS Coordinators. However, not all RMTS coordinators sent updates to the Program Manager regarding employee changes. In response to the finding, the Department will strengthen internal controls, including monitoring, over the monthly update process to ensure the RMTS sampling populations are complete. By December 2020, the Department will provide training to RMTS coordinators to update understanding of the requirement and emphasize the importance of following procedures regarding the monthly data validation process.								
		Completion Date:	Estimated December 2020								
		Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov								

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status													
2019	045	Finding:	The Department of Children, Youth, and Families did not have adequate internal controls over its process to allocate administrative expenditures to federal grants.												
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.575</td><td>\$0</td></tr><tr><td>93.658</td><td></td></tr><tr><td>93.659</td><td></td></tr><tr><td>93.870</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.575	\$0	93.658		93.659		93.870		93.778	
		<u>CFDA #</u>	<u>Amount</u>												
		93.575	\$0												
		93.658													
		93.659													
		93.870													
		93.778													
		Status:	Corrective action in progress												
		Corrective Action:	The Department concurs with the finding. During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, documentation for allocating administrative expenditures to federal grants was not properly completed. In response to the audit recommendations, the Department has strengthened internal controls over processing changes to the cost allocation bases in the state accounting system. These included: • Ensuring segregation of duties for inputting and reviewing of changes. • Maintaining adequate and proper documentation to show what updates are made. • Providing training to employees on following Department’s policies and procedures to properly allocate costs to the federal government.												
Completion Date:	In progress														
Agency Contact:	Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov														

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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	046	Finding: The Department of Health did not have adequate internal controls over and did not comply with requirements to ensure complaints for Medicaid hospitals were responded to promptly. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.778 Status: Corrective action in progress Corrective Action: The Department concurs with the finding. The Department is committed to ensuring grant programs comply with state and federal regulations related to assessment of and response to hospital complaints. Program staff hold weekly meetings with the Centers for Medicare and Medicaid Services to discuss complaint cases that are in process. To address the audit recommendations, the Department has hired additional staff to assist with the complaint intake process for the entire division. The new staff are currently receiving training on processes and related federal regulations. Additionally, the Department will: • Review the current process to identify areas for improvement to ensure hospital complaints are handled promptly and meet federal requirements. • Evaluate current policies and procedures to determine if any additional controls need to be implemented. Completion Date: Estimated January 2021 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 Kristina.White@doh.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	047	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with a state law requirement to perform semi-annual data sharing with health insurers. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$0 93.777 93.778 Status: Corrective action in progress. Corrective Action: This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority's scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability. After last year's unsuccessful attempt, the Authority again drafted legislation for the 2020 legislative session. House Bill 2677 is a technical correction that modifies existing state law to more appropriately align with state practices. The legislation unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020. The Authority believes this finding will be resolved through the enactment of this new law. The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25. Completion Date: Estimated July 2020 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	048	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure certain Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$0 93.777 93.778 Status: Corrective action in progress Corrective Action: The Authority has prioritized revalidation work, and has made progress towards revalidation compliance. As of October 2019, the Authority implemented a process that ensures a provider's risk level is adjusted as required under federal requirements. As of November 2019, the Authority completed screening of all medical providers in accordance with the Affordable Care Act rules, which included: • All new providers who enrolled within the last five years after November 2014. • All existing providers who were last revalidated since November 2014. All providers have been notified of approaching revalidations. The COVID-19 pandemic put on hold efforts to implement the fingerprint-based criminal background checks. The Center for Medicare and Medicaid Services COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers waived the screening requirements associated with fingerprint-based criminal background checks through the end of the emergency declaration. The Authority plans to continue its efforts after the federal and state COVID-19 emergency waiver ends. The conditions noted in this finding were previously reported in findings 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved. Completion Date: Estimated March 2021 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	049	Finding:	The Health Care Authority did not have adequate internal controls to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>97.775</td><td>\$4</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$4	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		97.775	\$4								
		93.777									
		93.778									
		Status:	Corrective action not taken								
		Corrective Action:	The Authority does not concur with the description or effect of condition of the finding. The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists. The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017. The Authority will consult with the grantor regarding the resolution of the questioned costs. The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved.								
		Completion Date:	Not Applicable								
		Agency Contact:	Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov								

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	050	Finding: The Health Care Authority made improper Medicaid payments to clients that were not eligible for the Modified Adjusted Gross Income Medicaid program. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$1,589 93.777 93.778 Status: Corrective action complete Corrective Action: The Authority concurs with the finding and will work with the federal grantor to resolve the questioned costs. As of May 2020, the Authority completed a system change request to correct the claims reported under the Medicaid grant instead of the Children's Health Insurance Program (CHIP). Since the correction resulted in a higher federal participation rate for the claims under CHIP, there are no federal funds to return. The Authority will continue to ensure post eligibility reviews are completed according to the Authority's policies and procedures. Completion Date: May 2020 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	051	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with suspension and debarment requirements for Medicaid medical fee-for-service providers. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$0 93.777 93.778 Status: Corrective action in progress Corrective Action: The Authority is taking corrective actions to improve internal controls and compliance with the suspension and debarment requirements. By October 2020, the Authority will fully implement the Automated Provider Screening process to conduct the following monthly database checks for medical providers: • Excluded Parties List System • Federal System for Award Management The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks. The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037. Completion Date: Estimated October 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	052	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure reports of potential fraud obtained through the Medicaid Service Verification process were investigated. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$0 93.777 93.778 Status: Corrective action in progress Corrective Action: The Authority concurs with the finding. The Authority's Section of Program Integrity responsible for the Medicaid service verification process recently underwent a major reorganization. As a result, the Authority was unable to conduct preliminary investigations due to limited audit and investigation staff. The Authority is currently in the process of reviewing and updating existing policies and procedures to: • Strengthen internal controls and ensure compliance with federal requirements. • Ensure an effective process is in place for conducting preliminary investigations when the Medicaid service verification process identifies potential fraud. Completion Date: Estimated October 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	053	Finding: The Health Care Authority, Section of Program Integrity, Audit and Investigations Unit, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation. <table> <tr> <td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td></td><td>97.775</td><td>\$0</td></tr> <tr> <td></td><td>93.777</td><td></td></tr> <tr> <td></td><td>93.778</td><td></td></tr> </table> Status: Corrective action in progress Corrective Action: The Authority concurs with the finding. The Audit and Investigations Unit underwent two reorganizations in the past few years. Some of the policies and procedures were outdated and did not accurately reflect the Authority's current audit practices. The Authority is currently in the process of reviewing and updating existing policies and procedures to: • Strengthen internal controls and ensure compliance with federal requirements. • Ensure methods and criteria for identifying and investigating suspected fraud cases are in place. • Ensure adequate monitoring is in place for the Audit and Investigations Unit. The conditions noted in this finding were previously reported in finding 2018-047. Completion Date: Estimated December 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		97.775	\$0		93.777			93.778	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	97.775	\$0												
	93.777													
	93.778													

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	054	Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid payments to supported living providers were allowable and adequately supported. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$114,435,961 93.777 93.778 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The Department uses cost report information to establish rates and determine settlements with supported living providers. During the audit period, the Department was in transition to a new rate methodology: - July 1 to December 31, 2018: based on number of support hours a client needs to live successfully in the community. - January 1 to June 30, 2019: a tiered rate is assigned based on a client's support needs. July 1 to December 31, 2018 For the audit exceptions reported on cost reports, settlements and employee timesheets, the Department disagrees with the cause of condition which stated that the Department did not perform procedures to determine if a client received their assessed level of support hours, or reconcile the payments to provider timesheets. Cost reports are submitted on a calendar year basis. The 2018 cost reports were due on March 31, 2019. As of June 2019, the Department completed an internal audit of all the 2018 cost reports including a comparison to payroll records for the calendar year. The auditors did not evaluate this activity even though it was completed within the audit period. In regards to the auditors' exceptions of payroll records not supporting direct service hours and more direct service hours paid than reported hours on cost reports, the Department: - Has the authority to reimburse the service provider for services delivered. - Can grant an exception to the payment rate per established division policy, which included: - Referencing "extraordinary cost" to include overtime costs. - Approving overtime costs when necessary to adequately support clients' health and safety needs.

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	054 (cont'd)	- Will continue to act within its authority to consider provider circumstances, such as overtime, and grant exceptions as necessary when calculating settlements. <i>January 1 to June 30, 2019</i> The Department strongly disagrees with the audit approach and the auditors' disallowance of all tiered-rate reimbursements for the second half of the fiscal year. The Centers for Medicare and Medicaid Services (CMS) requires a periodic review of rate methodology and the Department's hours-based methodology was established over 10 years ago. With the goal of improving efficiency without losing oversight or monitoring of costs, the Department reviewed various rate methodologies suggested by CMS, and decided on the tiered-rate methodology, which: - Provides increased flexibility for providers to deliver services. - Gives the providers the ability to increase focus on positive client outcomes. - Improves the cost reporting process. - Reduces unnecessary administrative burdens. The Department amended the federal waiver to include: - Description of the tiered rates and the reimbursement methodology. - Internal controls for: - cost reporting - payment review - rate assessment and budget process - Cost report review process to reflect the tiered-rate methodology. The tiered rates and amended federal waiver were approved by CMS prior to the January 1, 2019, implementation. The Legislature approved the process where providers prepared and submitted cost reports for each calendar year, and has established strict fiscal requirements to ensure payments are made accurately. This involves routine review of expenditures by budget and rates divisions, resource administrators and the Developmental Disabilities Administration's (DDA) Central Office teams. However, the fiscal year 2019 audit only covered the first six months of the new tiered-rate methodology. Of the \$114,435,961 in questioned costs identified in the audit, \$111,498,751 (97 percent) was based upon services provided from January through June 2019. The Department believes this portion of the questioned costs was the result of an incomplete fiscal review process when the 2019 cost reports are not available until March 2020.

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	054 (cont'd)	During the audit, the Department provided evidence showing: • Client service plans had been reviewed and approved by Department staff and clients or their legal representative. • Individual per diem rates met the Department's approval process. • Clients' Individual Instruction and Support Plans, progress notes, goals and objectives were developed and implemented by the provider. • Support services were provided to clients per their assessed needs. The Department would like to note that the documentary evidence provided to the auditors was deemed sufficient in the most recently completed Federal Payment Error Rate Measurement (PERM) audit conducted by CMS. Documents submitted for the PERM audit included: • Daily progress notes • Attendance logs • Worksheets • Service treatment plans and goals • Individual Service Plans The Department's system of oversight includes various teams working together to ensure the clients receive the services and support they need, as follows: • Residential Care Services and DDA staff monitor client services for safety and quality. Evidence of services not being provided will be investigated. • Management Services Division and the DDA Central Office review rates through the Residential Rates for Developmental Disabilities database. If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. The conditions noted in this finding were previously reported in finding 2018-058, 2017-044, 2016-041, 2016-045, 2015-049, 2015-052, 2014-041, 2014-042, 2013-036, 2013-038, and 12-39. The auditors determined 2016-041, 2015-052, 2014-041 and 2013-038 as resolved. Completion Date: Not applicable Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	055	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities. <table> <tr> <td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td></td><td>93.775</td><td>\$394,288</td></tr> <tr> <td></td><td>93.777</td><td></td></tr> <tr> <td></td><td>93.778</td><td></td></tr> </table> Status: Corrective action in progress Corrective Action: The Department concurs with the finding. Currently, Medicaid claims are processed in two separate payment systems, specifically: • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IPOne system for individual providers where claims are generally submitted shortly after services are provided. Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in an LTC facility. The Department can only detect duplicate payments after both payments have been made. The Department has the following mitigating controls in place: • As of November 2018, developed a report to identify payments made to all providers for in-home personal care services and mileage while a client was either hospitalized or admitted to an LTC facility. • As of March 2019, implemented a process to review claims made in the prior month and identify potentially unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IPOne to allow the Department to process overpayments. By December 2020, the Department will send written reminders to all individual providers that claiming in-home personal care hours is prohibited while a client is either hospitalized or admitted into an LTC facility. The Department will return the questioned costs to the Department of Health and Human Services for the unallowable claims.	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.775	\$394,288		93.777			93.778	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$394,288												
	93.777													
	93.778													

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Department of Social and Health Services

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	055 (cont'd)	The conditions noted in this finding were previously reported in finding 2018-050. Completion Date: Estimated December 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	056	Finding: The Department of Social and Health Services, Developmental Disabilities Administration, made improper Medicaid payments to individual providers when clients were hospitalized or admitted to long-term care facilities. <table> <tr> <td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td></td><td>93.775</td><td>\$37,127</td></tr> <tr> <td></td><td>93.777</td><td></td></tr> <tr> <td></td><td>93.778</td><td></td></tr> </table> Status: Corrective action complete Corrective Action: The Department concurs with the finding. Currently, Medicaid claims are processed in two separate payment systems, specifically: • ProviderOne system for hospitals and long-term care (LTC) facilities where delay in submitting claims is typical, sometimes several months after services have been delivered. • IOne system for individual providers where claims are generally submitted shortly after services are provided. Due to different claim requirements in two payment systems, it is currently impossible to establish an automated process to prevent personal care providers from claiming unallowable costs when clients were hospitalized or in a LTC facility. The Department can only detect duplicate payments after both payments have been made. The Department has the following mitigating controls in place: • As of March 2019, implemented a process to review claims made in the prior month and identify potential unallowable claims. If determined unallowable, these claims are flagged for overpayments. • As of January 2020, a functionality was implemented in IOne to allow the Department to process overpayments. The Department will: • Continue to enhance monitoring procedures to identify unallowable costs. • Return the questioned costs for the unallowable claims and associated costs to the Department of Health and Human Services. The conditions noted in this finding were previously reported in finding 2018-051. Completion Date: January 2020	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.775	\$37,127		93.777			93.778	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$37,127												
	93.777													
	93.778													

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Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	056 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$2,191,213 93.777 93.778 Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation. However, the Department disagrees that: - A lack of required signatures on the service plan should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. - A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. The Department also has concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows: - The auditors significantly broadened the scope of the audit by including interim assessments, which increased the number of asserted exceptions compared to when only full assessments were included. - The auditors performed follow-up testing on the 59 exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. The Department does not agree that re-testing of the prior year's audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year's audit, the auditor's approach essentially disregarded the Department's good faith effort in attempting to remediate exceptions from the prior audit.

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	As of June 2019, the Department: - Revised policies and procedures to require providers' signatures on person-centered service plans. - Issued a management bulletin to communicate the updated policies and procedures, and address the use of electronic signature technology in the field. - Created a mechanism for case managers to collect signatures on an electronic signature pad. The Department will continue to work with field staff to encourage the use of this technology. - Conducted numerous meetings with the directors of Area Agency on Aging to discuss policy changes on service summary signatures and staffing issues caused by the increased workload. The Department currently included reviewing compliance with signature requirements on client service plans as part of the formal quality assurance (QA) reviews. However, the outcomes of these enhanced QA activities were not reflected in the fiscal year 2019 audit period. The Department will continue to implement process improvement plans. By September 2020, the Department will identify under-performing offices and provide assistance in conducting root-cause analysis. Based on the results, the Department will create a report summarizing statewide trends and develop action steps as needed. By December 2020, the Department will: - Provide additional training to staff on relevant federal regulations and state policies. - Establish guidance on the appropriate use of interim assessments. - Submit a request in the Governor's budget for: - Adding dedicated staff to collect signed service plans. - Implementing an information technology enhancement that will reduce, but not eliminate, the manual effort necessary to collect signed service plans. - Consult with CMS to determine if person-centered service plans that are missing signatures should result in an unallowable payment. If necessary, the Department will identify associated costs related to any unallowable payments. - Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be repaid. The conditions noted in this finding were previously reported in finding 2018-059 and 2017-045. Completion Date: Estimated December 2020

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	057 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2019	058	Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls over and did not comply with requirements to ensure Medicaid Community First Choice client service plans were properly approved. <table><tr><td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td></td><td>93.775</td><td>\$2,169,725</td></tr><tr><td></td><td>93.777</td><td></td></tr><tr><td></td><td>93.778</td><td></td></tr></table> Status: Corrective action in progress Corrective Action: The Department partially concurs with the finding. The Department agrees that a person-centered service plan should be signed by the Department, client, and provider responsible for its implementation. However, the Department disagrees that: - A lack of required signatures on the service plans should result in questioned costs when the client is eligible for the services and the provider is qualified to deliver services. The Centers for Medicare & Medicaid Services (CMS) has also provided guidance to the Department that services should not be terminated if required signatures cannot be obtained. - A service plan that is not signed by a client, a provider, or the Department within 60 days should be considered an exception. The 60-day timeline in the state law outlines an administrative option that could be utilized by the Department to terminate services when deemed necessary. The Department also has the following concerns over the objectives of the additional reviews performed in the fiscal year 2019 audit, as follows: - The auditors performed follow-up testing on the exceptions previously reported in the fiscal year 2018 audit finding. The auditors subsequently took exceptions on the client service plans that were still not complete for part or all of the current audit period and assigned questioned costs to the current audit finding. - The Department does not agree that re-testing of the prior year’s audit exceptions is valid. By performing audit testing on outdated client service plans included in the prior year’s audit, the auditor’s approach essentially disregarded the Department’s good faith effort in attempting to remediate exceptions from prior audit. Currently, the Department has the following quality assurance process in place to monitor compliance in obtaining required signatures on person-centered service plans:	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.775	\$2,169,725		93.777			93.778	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$2,169,725												
	93.777													
	93.778													

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	058 (cont'd)	• The Quality Compliance Coordination team reviews a statewide sample for required signatures or documented attempts to obtain signatures. • The review measures statewide proficiency for obtaining required signatures in an established annual cycle. If the review finds a proficiency rate below 86 percent, the Department will implement a quality improvement plan to improve statewide performance. • Case manager supervisors monitor compliance by ensuring all case managers meet the requirement of obtaining signatures through all available department-approved options. The Department will continue to work towards implementing the electronic signature option. By December 2020, the Department will: • Consult with CMS to determine if person-centered service plans that are missing signatures should result in unallowable payments. If necessary, the Department will identify associated costs related to any unallowable payments. • Work with the U.S. Department of Health and Human Services to determine if any costs charged to Medicaid funds must be reimbursed The conditions noted in this finding were previously reported in finding 2018-060, 2017-046, and 2016-043. Completion Date: Estimated December 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	059	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid Community First Choice individual providers had proper background checks. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$42,603 93.777 93.778 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. The Department concurs there were three instances when a fingerprint background check was not performed within the required timeframe. - For those three cases, fingerprint background checks were completed and no disqualifying crimes were found. - The Department feels that the 98 percent compliance rate reflected in the audit testing results provided assurances that current policies are effective. - The Department will continue to follow established processes to materially ensure Community First Choice individual providers have proper background checks. The Department concurs there were three instances where the renewal of background checks were not completed within the exact two-year timeframe. - The two-year renewal time-frame is only noted in the Department policy. There are no federal or state laws that state an individual provider will become unqualified if a background check is not rerun within two years. - The three individual providers with late renewal checks did not have disqualifying crimes at any point during the audit period. The Department does not concur that the one exception where the absence of a formal Proficiency Improvement Plan (PIP) represented a material weakness. In this instance, instead of the standard PIP process, the Department held an in-person consultation with the specific Area Agency on Aging (AAA) to address contractual compliance issues and the significant staff turnover problem. - As of September 2019, the AAA corrected the background check deficiency following Department guidance. - The Department will continue to review internal policies and controls and to ensure compliance with background check requirements.

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Department of Social and Health Services

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	059 (cont'd)	The Department will identify questioned costs related to unallowable payments for personal care services, and will work with the U.S. Department of Health and Human Services to return questioned costs. The conditions noted in this finding were previously reported in finding 2018-056, 2017-049, 2016-040, 2015-040, 2014-049, 2013-40, 12-41, and 11-34. The auditors determined 2016-040, 2014-049, 2013-040, 12-41 and 11-34 as resolved. Completion Date: September 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	060	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure Medicaid payments to home care agencies were allowable. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.778 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. Area Agencies on Aging (AAA) monitor home care agencies (HCAs) for contractual compliance in many areas, including verification of time and task performance. In response to the prior year's audit finding, the Department modified the tool provided to AAAs for more effectively monitoring HCAs' compliance with electronic timekeeping contractual requirements. The Aging and Long-Term Support Administration State Unit on Aging (SUA) reviews a random sample of HCAs to determine if the AAA monitored and reviewed compliance with the electronic time keeping requirements as outlined in the HCA Monitoring Tool. The Department maintains that the monitoring by the AAA and SUA is adequate to provide assurance that Medicaid payments to home care agencies were allowable. Additionally, the fiscal year 2019 audit did not identify any exceptions related to electronic time keeping compliance, which provided further evidence that the current internal controls implemented by the Department are working as intended. The conditions noted in this finding were previously reported in finding 2018-054. Completion Date: Not applicable Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	061	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with survey requirements for Medicaid intermediate care facilities. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.778 Status: Corrective action not taken Corrective Action: The Department does not concur with the finding. The Department maintains adequate internal controls to ensure survey requirements for Medicaid intermediate care facilities are met. The Department uses a tracking spreadsheet to monitor and track the frequency of facilities' recertification surveys to meet the survey timeline for both federal and state requirements. The auditors identified one facility for which the Department did not complete a recertification survey within the federally required 15.9 month survey interval. This facility was under an 11-month alternate sanction of a Denial of Payments for New Admissions effective September 13, 2017. The due date for the facility's recertification survey fell within this 11-month sanction, during which the Department waited for the facility to submit a credible allegation of compliance indicating the deficiencies that led to the alternate sanction had been corrected. The Department received the facility's letter of credible allegation on August 1, 2018, and subsequently conducted a revisit survey on August 6, 2018, confirming that the facility achieved substantial compliance. The Department completed the facility's recertification survey two days later. Effective January 1, 2019, the facility voluntarily terminated participation from the Medicaid program. The conditions noted in this finding were previously reported in findings 2018-052, 2017-042, 2016-037, 2015-045, and 2014-046. The auditors determined 2017-042, 2016-037 and 2015-045 as resolved. Completion Date: Not applicable Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Fiscal Year	Finding Number	Finding and Corrective Action Status									
2019	062	Finding:	The Department of Social and Health Services, Aging and Long-Term Support and Developmental Disabilities Administrations, did not have adequate internal controls over and did not comply with requirements to ensure some Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$0</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.775	\$0								
		93.777									
93.778											
Status:	Corrective action in progress										
Corrective Action:	The Department concurs with the finding and has taken the following corrective actions: - As of November 2017, developed a process to screen and track each nursing facility contract to ensure validation and revalidation occurs within the five-year requirement. All nursing facility screenings were completed as of September of 2018. - As of October 2018, implemented the new automated provider screening process in the Agency Contracts Database (ACD). The new process includes an internal control that prevents a new or renewal Medicaid contract to be approved or signed before the screening process is successfully completed in ACD. No exceptions were identified in the fiscal year 2019 audit after the implementation of the new screening process. - As of January 2020, notified local offices of the revalidation exceptions and communicated the need to ensure valid photo identification and authorization to work in the U.S. is maintained in the provider file. Local offices subsequently remediated the exceptions. By November 2020, the Department will develop processes to: - Adjust the provider risk level when the overpayment threshold is met or if there is a Medicaid fraud referral. - Conduct fingerprint-based criminal background checks for high-risk providers. The Department anticipates the finding will be resolved once all existing contracts are renewed through the automated provider screening process. The conditions noted in this finding were previously reported in finding 2018-057.										
Completion Date:	Estimated November 2020										

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Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	062 (cont'd)	Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	063	Finding: The Department of Social and Health Services did not report fraud affecting the Medicaid program to the federal grantor. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$0 93.777 93.778 Status: Corrective action complete Corrective Action: The Department concurs with the finding. In July 2011, the Department transferred responsibility for the Medicaid program to the Health Care Authority (HCA). Prior to this transfer, the Department reported Medicaid fraud to the federal grantor. After the transfer, the Department provided Medicaid fraud information to HCA upon request on an annual basis. However, the Department has not received any recent requests, which resulted in Medicaid fraud cases not being reported to the federal government. As of March 2020, the Department: • Notified the Office of the Inspector General of the six cases identified in the fiscal year 2019 audit. • Initiated conversations with HCA to determine: ○ Which agency should be responsible for reporting confirmed fraud to the federal grantor. ○ The frequency of reporting. Completion Date: March 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	064	Finding: The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the State Opioid Response Grants were allowable and met period of performance requirements. Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Authority concurs with the finding. In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the State Opioid Response Grant. Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program's accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed. As of August 2019, the Authority increased the staffing level of the accounts payable unit from three to six. Completion Date: August 2019 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	065	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required audits. Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the State Opioid Response grant program. The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for: - Assessing and updating policies and procedures related to subrecipient monitoring - Strengthening internal controls to ensure: - Subrecipients submit required audits. - Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. - All audit findings and corrective action plans are tracked and management decisions are issued promptly. Due to the Authority's COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed. Completion Date: Estimated December 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	066	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required risk assessments. Questioned Costs: <u>CFDA #</u> 93.788 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the State Opioid Response grant program. The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for: - Assessing and updating policies and procedures related to subrecipient monitoring. - Strengthening internal controls to ensure: - Monitoring is in place to ensure risk assessments are performed for all subrecipients. - Results of risk assessments are used to determine the type and level of monitoring to be performed for subrecipients. Due to the Authority's COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed. Completion Date: Estimated December 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Department of Children, Youth, and Families

Agency 307

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	067	Finding: The Department of Children, Youth, and Families did not have adequate internal controls over and did not comply with requirements to ensure payroll costs charged to the Maternal, Infant, and Early Childhood Home Visiting grant were allowable and properly supported. Questioned Costs: <u>CFDA #</u> 93.870 <u>Amount</u> \$274,287 Status: Corrective action complete Corrective Action: The Department concurs with the finding. During the audit period, the Department had to focus resources on transitioning two major federal programs and the onboarding of approximately 1,500 employees. Due to limited staffing resources, semi-annual certifications were not completed timely. In response to the audit recommendations, the Department: • Implemented a payroll certification policy effective August 2019. • Completed the semi-annual certifications for July 2018 through June 2019. • Began working on completing fiscal year 2020 payroll certifications. • Provided training to program and cost allocation employees on the proper completion of timesheets and journal vouchers. • Strengthened internal controls over processing position coding changes to ensure direct charges to federal grants are allowable and accurate. By December 2020, the Department will: • Complete journal vouchers to reconcile payroll charges. If the federal grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. Completion Date: December 2020 Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	068	Finding: The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the Block Grants for Prevention and Treatment of Substance Abuse were allowable and met earmarking requirements. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Authority concurs with the audit finding. In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse programs. Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program's accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed. As of August 2019, the Authority: - Increased the staffing level of the accounts payable unit from three to six. - Created and staffed a new Grants Management unit, and identified staff specifically responsible for monitoring and managing the fiscal requirements of all federal grants administered by the Authority. - Implemented a process to manage the earmarking requirement at an aggregate level. The Grants Management unit will monitor and adjust expenditures if needed to ensure compliance. Completion Date: August 2019 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2019	069	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: The Authority concurs with the finding. In July 2018, the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse program was transferred from the Department of Social and Health Services to the Authority. During the program transition, the Authority identified some qualifying state expenditures not included in the maintenance of effort (MOE) for fiscal year 2018. This information was subsequently communicated to the auditors during fieldwork. As of January 2020, the Authority adjusted the fiscal year 2019 expenditures to meet the MOE requirement. During 2019, the Authority implemented the following internal controls to strengthen compliance with the federal level of effort requirements: • Created and staffed a new unit for grants management. • Identified staff specifically responsible for monitoring and managing the MOE requirements of all federal grants administered by the Authority. • Implemented procedures to track pertinent MOE requirements and consistently monitor balances. • Established reporting procedures of MOE information to the relevant program and financial services management teams. Completion Date: In progress Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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For the Fiscal Year Ended
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2019	070	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information. Questioned Costs: <u>CFDA #</u> 93.959 <u>Amount</u> \$0 Status: Corrective action in progress Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse. The Authority has already taken steps to address the audit findings including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for: - Assessing and updating policies and procedures related to subrecipient monitoring. - Strengthening internal controls to ensure: - Subrecipients are accurately classified during the contract review and approval process. - All required information is included when subawards are issued. Due to the Authority's COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed. Completion Date: Estimated December 2020 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2018	003	Finding: The Department of Health improperly charged \$151 to the Special Supplemental Nutrition Program for Women, Infants and Children grant. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$151 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department completed a new system, Cascades MIS, which issues benefits on electronic benefit cards. The new system has built-in safeguards which prevent loading funds onto a client's benefit card if proof of identity/residence and/or income verification is not provided within 30 days after the initial intake appointment. As of December 2019, the Department fully implemented the Cascades MIS system. Additionally, the Department: • Reviewed current program policies to ensure compliance with federal requirements. • Clarified policies and rules related to program eligibility with local agencies, and provided training and technical assistance as needed. • Consulted with the federal grantor and received confirmation that the questioned costs identified in the finding do not need to be repaid. Completion Date: December 2019 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov	

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Summary Schedule of Prior Audit Findings

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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2018	004	Finding: The Department of Health improperly charged \$31,051 to the Special Supplemental Nutrition Program for Women, Infants and Children grant. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$31,051 Status: Corrective action complete Corrective Action: The Department strengthened internal controls to insure quarterly time certifications are submitted in a timely manner. The Department: • Reviewed policies and procedures to ensure they meet federal requirements. • Evaluated the current processes to identify areas that needed improvement. • Provided training to staff on Department policies and federal regulations related to time certifications. • Consulted with the federal grantor and received confirmation that the questioned costs identified in the finding do not need to be repaid. Completion Date: July 2019 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov	

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For the Fiscal Year Ended
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Department of Health

Agency 303

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	005	Finding: The Department of Health did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Special Supplemental Nutrition Program for Women, Infants, and Children program received required audits. Questioned Costs: <u>CFDA #</u> 10.557 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. To strengthen internal controls over subrecipient monitoring, the Department: • Reviewed and updated the agency process of monitoring subrecipient audits to ensure the Department complies with federal requirements. • Improved the agency spreadsheet used to track audit activities to include audit periods and due dates. • Implemented a process to follow up on subrecipient audit findings and issue timely management decisions. Completion Date: July 2019 Agency Contact: Kristina White External Audit Manager PO Box 47890 Olympia, WA 98504-7890 (360) 236-4547 kristina.white@doh.wa.gov

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Military Department

Agency 245

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	008	Finding: The Military Department charged payroll costs to the Military Operations and Maintenance program that were not properly supported. Questioned Costs: <u>CFDA #</u> 12.401 <u>Amount</u> \$82,338 Status: Corrective action complete Corrective Action: The Department concurs with the finding. Department policy requires: • Employees who are permanently assigned to activities directly benefiting a single federal program to submit a Certification of Time and Effort (certification) on a quarterly basis. • Supervisors to review certifications for accuracy before submitting to the Payroll Office. In some cases, despite efforts made by the Payroll Office to send reminders to employees and their supervisors, the certifications were never submitted to the Payroll Office. The Department took the following actions to ensure payroll costs charged to a federal grant are supported by required documentation: • Updated the time and effort reporting policy to provide timekeeping guidance and clarify requirements. • Provided copies of the policy to overtime-exempt employees and supervisors who are subject to the certification requirement. • Provided training to employees and supervisors on the Department's procedures regarding time and effort certification. • Payroll Office to follow up with the designated supervisor for any employee's past due certifications. Continued non-compliance with Department policy will lead to escalated actions as necessary until required documentation is received. The Department has also consulted with the grantor and received confirmation that the questioned costs identified in the audit do not need to be repaid. Completion Date: September 2019 Agency Contact: TJ Rajceovich, Deputy Finance Director Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 timothy.rajceovich@mil.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	014	Finding: The Department of Transportation did not have adequate internal controls over and did not comply with requirements to collect certified payrolls from contractors on projects funded by the Federal Transit Cluster. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 20.500 \$0 20.507 20.525 20.526 Status: Corrective action complete Corrective Action: The Department does not concur with the finding. After consulting with the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) and conducting additional research, the Department believes its process complies with the Davis-Bacon Act and federal regulations for contractor payment of prevailing wages. As of June 2019, the Department has taken the following actions in its continued effort of improvement: • Issued a Construction Bulletin to the regional offices regarding monitoring timely collection of certified payrolls from contractors. • Conducted discussions at various statewide meetings. • Posted additional resources for regional offices on the Construction SharePoint site. • Discussed with the Department of Labor and Industries use of its reporting tool beginning in January 2020, including how the system could be utilized/modified for the Davis-Bacon requirements. In July 2020, the Department received a management decision letter from FHWA for the fiscal year 2019 finding, in which it stated: • <i>In response to these findings and similar findings in the previous year, WSDOT released a construction bulletin and revised their Construction Manual and Specification with more stringent controls to facilitate reasonable compliance. FHWA has approved WSDOT's Construction Manual and Standard Specifications.</i> • <i>FHWA believes that WSDOT's procedures contain the necessary controls to ensure reasonable compliance with 29 CFR 5.5 and FHWA Davis-Bacon and Related Acts Questions and Answers (https://www.fhwa.dot.gov/construction/contracts/dbra_qa.pdf).</i> • <i>FHWA considers this finding to be resolved.</i> The Department will continue to use Construction Bulletins to communicate best practices and other pertinent guidance to its regional construction offices on an ongoing basis, and will share this information with the Terminal and Vessel Engineering groups in the Ferries Division. The Department will consult with FTA for any further actions needed to resolve this finding.

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	014	Completion Date: June 2019 Agency Contact: Steve McKerney Internal Audit Director PO Box 47320 Olympia, WA 98504-7320 (360) 705-7004 McKernS@wsdot.wa.gov

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status		
2018	015	Finding:	The Department of Transportation, State Ferries Division, did not have adequate internal controls over and did not comply with equipment management requirements.	
		Questioned	<u>CFDA #</u>	<u>Amount</u>
		Costs:	20.500	\$0
			20.507	
			20.525	
			20.526	
		Status:	Corrective action complete	
		Corrective Action:	It is the Department's position that the parts in question identified in the audit are not capital assets and, therefore, the requirements cited in the audit finding do not apply to these parts.	
			The parts in question have no utility to the state until they are installed on a larger assembly or depreciable asset, in this case one of the Department's ferry vessels. Once installed, the parts cease to be discrete items and are part of the vessel. When an installed part meets the definition of a betterment as defined in Chapter 30 of the State Administrative and Accounting Manual, it is capitalized and depreciated as part of the vessel. If the part does not meet the definition of a betterment, it is expensed when purchased.	
			The Department recognizes the importance of safeguarding and accounting for these parts properly through their installation on one of the vessels. In the ordinary course of business, purchased parts are delivered to the warehouse and are almost immediately transferred to the vessel. Occasionally, a vessel's scheduled maintenance will be delayed due to operational needs which necessitates the parts be stored in the warehouse.	
	As of May 2019, the Department convened a work group consisting of subject matter experts over all aspects of capital assets. The work group addressed the audit finding and recommended a process to track these parts through the Department's inventory management system, Minor Cap, until such time that they are installed on the larger assembly or depreciable asset, such as a ferry vessel. Once installed, the location of the item can be modified within the inventory system to continue to be tracked in its new location.			
	As of June 2019, the Department:			
	- Recorded the inventory items in question, as reported in the fiscal year 2018 audit finding, into Minor Cap for tracking purposes. - Entered new inventory purchases that met the inventory tracking requirements into Minor Cap as they were received in the warehouse.			

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Department of Transportation

Agency 405

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	015 (cont'd)	Modified asset location appropriately as these items were installed on the larger assembly or depreciable asset. The Department continues to track prior purchases and inventory items that are not in Minor Cap using the Ferries Division's inventory system (MPET) until they are disposed. The Department held additional work group sessions through the end of 2019 to address any lingering issues regarding the tracking and accounting of capital assets, with special attention on inventory items currently tracked in Minor Cap. Additionally, the Department worked with the Office of the Chief Information Officer (OCIO) to request formal approval for MPET and Minor Cap to be used as the Department's capital asset inventory management systems. However, OCIO will not grant retroactive approval for any software, including Minor Cap, that was put in place before OCIO was created as an oversight agency. In September 2019, the Department also met with the Office of Financial Management (OFM) and the State Auditor's Office (SAO). OFM acknowledged the Department's use of MPET and Minor Cap as the capital asset inventory management system in lieu of the State's mainframe capital asset management system. The Department looks forward to working with SAO during the next audit to resolve any remaining items reported in this finding. Completion Date: September 2019 Agency Contact: Jesse Daniels Audit Liaison PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 Danielje@wsdot.wa.gov

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Department of Ecology

Agency 461

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2018	016	Finding: The Department of Ecology did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Capitalization Grants for Clean Water State Revolving Funds program received required audits and management decisions on audit findings were issued in a timely manner. Questioned Costs: <u>CFDA #</u> 66.458 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: In response to the audit recommendations, the Department updated agency policy on subrecipient monitoring. A new policy has also been developed to formalize program responsibilities for corrective actions and audit resolution. Additionally, the Department developed procedures on managing subawards to ensure federal compliance, which include: • Requiring subrecipients to return postcards to indicate if they are subject to audit requirement. • Assigning dedicated staff to maintain the tracking spreadsheet used to monitor subrecipient audit activities. • Establishing a communication protocol to notify programs when subrecipients receive audit findings, and the required follow-up actions. Increasing oversight of subrecipients who are not meeting Department requirements. The Department may apply sanctions for continued non-compliance. The Department has also developed procedures and a checklist for programs to clarify their roles and responsibilities related to follow-up of audit items. Completion Date: March 2020 Agency Contact: Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov	

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Department of Ecology

Agency 461

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	017	Finding: The Department of Ecology did not have adequate internal controls over and did not comply with reporting requirements for the Capitalization Grants for Clean Water State Revolving Funds program. Questioned Costs: <u>CFDA #</u> 66.458 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. The finding resulted from conflicting guidance provided by the regional office of the Environmental Protection Agency (EPA) and the guidance the auditor received from EPA's Office of Inspector General. The Department requested clarification and guidance from the EPA on how to properly report federal equivalency expenditures on the quarterly financial reports and the schedule of expenditures of federal awards (SEFA). In June 2019, EPA provided the following official guidance for reporting equivalency projects: • The SEFA should report funds disbursed to the Equivalency projects regardless of funding. • The quarterly reports should report actual draws from the Capitalization grants. • The quarterly reports should not be used for the SEFA. The Department has since updated tracking spreadsheets to capture all funds disbursed for equivalency projects. The Department has also worked with the federal grantor to implement appropriate procedures related to the financial reporting of equivalency projects in accordance with the guidance received. Completion Date: June 2019 Agency Contact: Janis Henry Senior Financial Advisor PO Box 47615 Olympia, WA 98504-7615 (360) 407-6386 Janis.Henry@ecy.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	021	Finding: The Department of Social and Health Services did not have adequate internal controls over and was not compliant with federal requirements to determine client eligibility for the Vocational Rehabilitation program within a reasonable period of time. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department has established additional procedural guidance aimed at ensuring full compliance with federal requirements. In addition, the Department has enhanced management reports and coaching tools to support supervisory oversight and monitoring of compliance with eligibility timelines and required procedures. As of April 2019, the Department implemented the following procedures: • The Fiscal Compliance Manager conducts six-month review of eligibility extensions to identify cases that do not conform to policy and documentation requirements. These cases are sent to the respective supervisors for follow-up. • Supervisors' monthly case reviews now include mandatory follow-up activities to ensure reviews are effective and properly documented. • Rehabilitation Technicians review cases coming due within 30 days for eligibility determination and alert counselors of upcoming due dates. • Supervisors complete an on-line coaching tool monthly with Rehabilitation Technicians, as needed. As of June 2019, the Department: • Revised the eligibility extension letter to include a mandatory field for the extension end date. • Amended eligibility extension procedures to require follow-up with clients when extension letters are not returned. As of August 2019, the Department : • Enhanced the case management report to identify eligibility extension dates and determination completion dates. • Provided training to staff on updated procedural guidance that will clearly define "exceptional and unforeseen circumstances." As of February 2020, the Department updated the eligibility extension process in the case management system to auto-generate: • Case narratives • Client letters • Completion dates

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	021 (cont'd)	The conditions noted in this finding were previously reported in findings 2017-013 and 2016-012. Completion Date: February 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2018	022	Finding: The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, federal requirements to establish timely individual plans of employment for Vocational Rehabilitation program clients. Questioned Costs: <u>CFDA #</u> 84.126 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department has established additional procedural guidance aimed at ensuring full compliance with federal requirements. In addition, the Department has enhanced management reports and coaching tools to support supervisory oversight and monitoring of compliance with timelines and required procedures. As of April 2019, the Department implemented the following procedures: • The Fiscal Compliance Manager conducts a six-month review of individual plans of employment (IPE) to identify cases that do not conform to policy and documentation requirements. These cases are sent to the respective supervisors for follow-up. • Supervisors correct any IPE that does not conform to policy and documentation requirements. • Rehabilitation Technicians review IPEs coming due within 30 days and alert counselors of upcoming due dates. • Supervisors complete an on-line coaching tool monthly with Rehabilitation Technicians, as needed. As of May 2019, the Department revised the eligibility determination letter to include an appointment date with the client to begin the IPE process. As of June 2019, the Department amended procedures to require counselors to follow up with clients when IPE extension letters are not returned, and to ensure both counselor and client properly approve the completed IPE. As of August 2019, the Department provided training to field staff on the new procedures. The conditions noted in this finding were previously reported in findings 2017-012 and 2016-011. Completion Date: August 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov	

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Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
2018	027	Finding: The Department of Social and Health Services did not have adequate internal controls over maintenance of effort requirements for the Temporary Assistance for Needy Families grant. Questioned Costs: <u>CFDA #</u> 93.558 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department partially concurs with the finding. In response to prior years' findings, the Department has taken actions to improve internal controls over the maintenance of effort (MOE) process for the Temporary Assistance for Needy Families (TANF) grant. As of February 2017, the Department developed manuals that outline the collaborative report preparation procedures among the Community Services Division, the Research and Data Analysis Division (RDA), and the Division of Finance and Financial Recovery. As of March 2018, the Department: • Hosted weekly workgroup meetings to review and update existing policies, procedures, and manuals as necessary. The workgroup also focuses on improving the Department's ability to forecast and monitor the level of TANF program's MOE expenditures throughout the year. • Implemented a quarterly monitoring and reporting schedule for all MOE sources throughout the federal fiscal year to ensure MOE reported expenditures are allowable and accurate. • Established a process for reviewing future budgets on programs subject to MOE requirements: ○ Perform trend analysis by comparing budget data to previous years to ensure there is no significant fluctuations. ○ Obtain written confirmation from partnering sources at the beginning of the federal fiscal year that program operations and expenditure levels will be similar to the previous year. ○ Review TANF MOE reports and monitor departmental expenditures on a quarterly basis to ensure MOE requirements will be met. The Department's RDA Division is also taking actions to improve internal controls for ensuring the TANF quarterly reports are accurate and complete. As of June 2020, the Division: • Implemented industry standard change control processes and logs. • Hired a new employee to perform and document independent reviews and testing of code changes.

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Department of Social and Health Services

Agency 300

Audit Report	Finding Number	Finding and Corrective Action Status
2018	027 (cont'd)	Developed policies and procedures for the process of making code changes and for how those changes are reviewed and documented. The conditions noted in this finding were previously reported in findings 2017-019, 2016-017, and 2015-020. Completion Date: June 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	039	Finding: The Department of Social and Health Services did not have adequate internal controls over and did not comply with federal level of effort requirements for the Adoption Assistance program. Questioned Costs: <u>CFDA #</u> 93.659 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: The Department concurs with the finding. In response to prior audit findings, the Children's Administration of the Department had improved internal controls and developed written policies and procedures to ensure the federal level of effort requirements are met for the Adoption Assistance program. As of July 1, 2018, the Legislature created the Department of Children, Youth, and Families (DCYF) by combining the Children's Administration and the Department of Early Learning. The new agency assumed the responsibilities of managing the Adoption Assistance program. To address the audit recommendations, DCYF has implemented appropriate corrective actions, which include: • Established written procedures for staff to identify and accurately report adoption savings expenditures. • Reviewed annual reports to ensure reported expenditures are accurate and supported by adequate documentation. • Provided training to staff on the policies and procedures. The conditions noted in this finding were previously reported in findings 2017-030 and 2016-026. Completion Date: September 2019 Agency Contact: Stefanie Niemela Audit Liaison Department of Children, Youth, and Families P.O. Box 40970 Olympia, WA 98504 (360) 725-4402 stefanie.niemela@dcyf.wa.gov

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2018	045	Finding: The Health Care Authority claimed Medicaid federal funds for Medicaid expenditures that exceeded the two-year time limit. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 97.775 \$2,095,931 93.777 93.778 Status: Corrective action complete Corrective Action: The Authority completed the research and determined the amount of expenditures that were unallowable. More than half of the questioned costs were reported on a subsequent claim with the Centers for Medicare and Medicaid Services. The remaining costs had been moved to state funds only through the journal voucher process. The Authority will continue to explore options to ensure refunds will be processed more timely to return claimed federal funds that are outside the allowable period. Completion Date: June 2020 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2018	049	Finding:	The Health Care Authority made improper payments for Medicaid managed care recipients with Medicare insurance coverage.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>97.775</td><td>\$3,762,678</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	97.775	\$3,762,678	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		97.775	\$3,762,678								
		93.777									
		93.778									
		Status:	Corrective action complete								
		Corrective Action:	The Authority has implemented the following corrective actions: - As of March 2016, developed an algorithm to identify Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare. - As of June 2018, went live with the enhancements to the ProviderOne system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare. - Ran the new algorithm for the period from the last algorithm run in November 2017 to the system enhancement in June 2018, and identified all PMPM premium duplicate payments. As of August 2019, the Authority completed the work to recoup the duplicate payments, and will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs. The conditions noted in this finding were previously reported in findings 2017-039.								
		Completion Date:	August 2019								
		Agency Contact:	Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov								

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	053	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure it complied with survey requirements for Medicaid nursing home facilities. Questioned <u>CFDA #</u> <u>Amount</u> Costs: 93.775 \$0 93.777 93.778 Status: Corrective action complete Corrective Action: The Department does not concur with the finding. In response to prior audit findings, the Department had implemented the Electronic Plan of Correction (ePOC), an electronic application that enables the Department to monitor compliance more effectively. The Department asserts that internal controls have been strengthened to ensure Statements of Deficiencies (SOD) are mailed by the tenth working day after survey exits, as evidenced by the steady decrease in audit exceptions since fiscal year 2016. The auditors reported two cases where the Department did not deliver SOD within ten working days as required. One case was due to the failure of the ePOC system on the provider end, resulting in the Department manually delivering the SOD to the provider on the eleventh day. The Department subsequently confirmed that the technical problem had been resolved for the provider in question. In the second case, an administrative review of the SOD caused a slight delay and resulted in the Department delivering the SOD to the provider on the eleventh day. In both cases, the SOD were delivered less than 24 hours beyond the federal requirement. The providers submitted their plans of correction timely with no impact from the one-day delay. System failures are beyond the control of the Department, and administrative reviews are essential to ensure SOD are complete and accurate. These should be considered acceptable reasons for providers not receiving their SOD within the required ten days. The Department will continue to use existing internal controls and quality assurance reviews to monitor the timeliness of SOD distribution to providers. The conditions noted in this finding were previously reported in finding 2017-043, 2016-036, 2015-044 and 2014-046.

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	053 (cont'd)	Completion Date: February 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	055	Finding: The Department of Social and Health Services did not ensure the federal portion of uncashed Medicaid checks was returned to its grantor. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$237,078 93.777 93.778 Status: Corrective action complete Corrective Action: The Department concurs with the finding. The Department has implemented a process for the vendor to return uncashed checks to the Department. As of December 2019, the Department and the vendor: • Completed an interface to identify uncashed checks older than 180 days. • Developed a report listing the uncashed checks that need to be returned to the Department. • Completed the return of uncashed checks issued from April 2016 through December 2017. The vendor is currently submitting monthly reports of uncashed checks to the Department. As of December 2019, the Department returned the federal share of all uncashed checks to the Centers for Medicaid and Medicare Services. Completion Date: June 2020 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.Meyer@dshs.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Military Department

Agency 245

Fiscal Year	Finding Number	Finding and Corrective Action Status
2018	061	Finding: The Military Department did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of Disaster Grants-Public Assistance received required audits. Questioned Costs: <u>CFDA #</u> 97.036 <u>Amount</u> \$0 Status: Corrective action complete Corrective Action: In response to the prior year's finding, the Department implemented process changes as outlined in the corrective action plan. As of November 2018, the Department updated the existing subrecipient monitoring policy to clearly outline roles and responsibilities for divisions and grant programs. The Finance Division maintains the Department's Audit Tracker system and is responsible for collecting audit data from subrecipients across the Department. As of September 2019, the Department: • Verified that all required audits occurred. • Ensured all subrecipient audit findings related to the program were addressed with the subrecipient. • Ensured management decision letters were issued promptly where necessary. • Continued to add new subrecipients to the Audit Tracker system as new grants are awarded. • Monitored the subrecipient audit status and followed up as required. The Department will continue to perform program monitoring activities in accordance with Department policy and grant requirements. The conditions noted in this finding were previously reported in finding 2017-052. Completion Date: September 2019 Agency Contact: TJ Rajcevich, Deputy Finance Director Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-7596 timothy.rajcevich@mil.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	022	Finding: The Department of Social and Health Services did not report fraud affecting multiple federal programs to grantors. Questioned <u>CFDA #</u> <u>Amount</u> Costs: 93.558 \$0 93.575 93.596 Status: Corrective action complete Corrective Action: The Department concurs with the finding. As of July 2018, the Department reviewed guidance published by U.S. Department of Health and Human Services (HHS) on the requirement for self-disclosing instances of fraud affecting federal awards. The Department also sent a letter to HHS asking for, and subsequently received, clarification on the report formats and definitions. As of June 2019, the Department convened a workgroup to develop and implement sufficient procedures to ensure the Department reports, in writing, instances of fraud affecting grand awards. As of August 2019, the Department developed and provided training to staff regarding federal fraud reporting requirements. Completion Date: August 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	032	Finding:	The Health Care Authority overpaid a tribe for Medicaid chemical dependency treatments.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$3,909,517</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$3,909,517	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.775	\$3,909,517								
		93.777									
		93.778									
		Status:	Corrective action complete								
		Corrective Action:	The Authority submits an annual State Plan to the Centers for Medicare and Medicaid Services (CMS) for approval. The plan includes tribal health care facilities that deliver health care services to Medicaid-eligible clients. In August 2017, the State Auditor’s Office published a whistleblower investigation (report number 1019566) that reported the Authority overpaid a tribe for chemical dependency treatments. Since the language in the State Plan is not conclusive and more than one tribe has challenged the conclusions in the whistleblower report, the Authority requested guidance from CMS in September 2017 on whether the payments identified in the audit report are overpayments. The Authority also requested an amendment to the State Plan to provide clear language that would prospectively preclude the primary type of findings published in the whistleblower investigation and that is consistent with language approved by CMS for other states’ tribal health programs. CMS approved the requested amendment effective September 29, 2017. On January 29, 2018, CMS directed the Authority to Section 4320 of the State Medicaid Manual issued by the Health Care Financing Administration (predecessor agency to CMS). In particular, paragraph C of the Section states: <i>“If a State elects to cover clinic services, it may choose the type of clinics or clinic services that are covered, provided that the services constitute medical or remedial care.”</i> In light of this CMS guidance and various mitigating factors, the Authority determined it would be inappropriate to seek recovery of payments based solely on service rendered by a provider not listed in the State Plan, which was in effect prior to the amendment in September 2017. The Authority has contacted CMS on multiple occasions to determine if the audit finding is closed. As of June 2020, the Authority resubmitted the supporting information to CMS, requested the finding be closed, and the questioned costs be resolved. If the U.S. Department of Health and Human Services determines the payments identified in the audit are in fact overpayments, the Authority will follow the normal audit resolution process to resolve the questioned costs.								

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	032 (cont'd)	Completion Date: June 2018 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	035	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims. <table> <tr> <td>Questioned Costs:</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td></td><td>93.775</td><td>\$23,955,658</td></tr> <tr> <td></td><td>93.777</td><td></td></tr> <tr> <td></td><td>93.778</td><td></td></tr> </table> Status: Corrective action complete Corrective Action: The Authority disagrees, in most respect, with the Description of Condition, Cause of Condition, Effect of Condition and Questioned Costs, as stated in the finding. Details of the disagreements and concerns were outlined in the Authority's response to the finding. The following are exceptions identified by the auditors with which the Authority concurs and will take corrective actions: (1) Emergency medical eligibility This issue was limited to medical claims and affected 119 specific clients in the ProviderOne system. As of March 2018, the Authority started using a report that allows staff to preemptively identify these specific scenarios and make eligibility updates as appropriate. This review is performed on a weekly basis, which also allows the Authority to reprocess any affected claims prior to invoicing. (2) Procedure code configuration ProviderOne allows numerically sequential procedure codes with like requirements to be configured in ranges or 'groups.' However, unintended gaps were created in certain ranges during the process of uploading new and changed codes, which caused the National Drug Code (NDC) requirements on certain codes to be temporarily bypassed. In April 2018, the Authority corrected the drug rebate system errors by: • Removing the grouping configuration • Reviewing the current list of codes • Maintaining codes individually (3) Healthcare Common Procedure Coding System to NDC conversion errors This was a condition known to the Authority from prior audit findings. A ProviderOne change request has been initiated to add configurable fields to facilitate unit conversions on the more complex physician-administered drug claims. As of April 2018, this change was implemented.	Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>		93.775	\$23,955,658		93.777			93.778	
Questioned Costs:	<u>CFDA #</u>	<u>Amount</u>												
	93.775	\$23,955,658												
	93.777													
	93.778													

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	035 (cont'd)	In addition, the Authority is working with the Centers for Medicare and Medicaid Services regarding the audit results and how to best reflect the resolution of the questioned costs, which was done through the normal drug rebate invoicing process prior to and independent of this audit. The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031 for fee-for-service Medicaid claims, and 2016-032 for managed care Medicaid claims. The auditors considered finding 2015-034 as resolved in fiscal year 2018. The other 2014-031 finding was previously resolved. Completion Date: January 2019 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2017	036	Finding: The Health Care Authority overpaid Medicaid hospitals for outpatient services. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$118,679 93.777 93.778 Status: Corrective action complete Corrective Action: The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group (EAPG) weight assignment in the ProviderOne system. As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments. As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs. Since federal funds overpayments were normally returned through the quarterly reporting process, the Authority is working with the Center for Medicare and Medicaid Services in order to appropriately reflect the resolution of the questioned costs, Completion Date: January 2018 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 Keri.kelley@hca.wa.gov	

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	039	Finding: The Health Care Authority made improper payments to Medicaid managed care recipients with Medicare insurance coverage. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$4,268,059 93.777 93.778 Status: Corrective action complete Corrective Action: From March 2016 through June 2018, the Authority developed and ran an algorithm to identify and recoup duplicate Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare. As of June 2018, the Authority implemented an enhancement to the ProviderOne payment system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare. As of August 2019, the Authority completed the recoupment process. The Authority will continue to follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs. Completion Date: August 2019 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2017	040	Finding: The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$111,756 93.777 93.778 Status: Corrective action not taken Corrective Action: The Authority does not concur with the finding. The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care. The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority has since requested official guidance from CMS on multiple occasions. As of June 2020, the Authority has not received definitive guidance. Completion Date: Not applicable Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2017	041	Finding: The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$29,518 93.777 93.778 Status: Corrective action complete Corrective Action: As of March 2019, the Authority completed the overpayment recoupment process in ProviderOne. The resolution of questioned costs was reported to the Center for Medicare and Medicaid on the quarterly CMS-64 report ending June 2019. The conditions noted in this finding were previously reported in findings 2016-030, 2015-033, 2014-036, and 2013-026. Findings 2014-036 and 2013-026 were previously resolved. Completion Date: March 2019 Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov	

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Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	047	Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration made improper Medicaid nursing facility fee-for-service payments for clients enrolled in managed care. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$6,991 93.777 93.778 Status: Corrective action complete Corrective Action: The Department partially concurs with this finding. The Department concurs that the two facilities reported in the finding either did not submit the required denial letter from the managed care organization (MCO) with their invoice or the submitted letters did not clearly convey a claim denial. However, the Department does not concur with the auditors' determination that these services would have been paid by the MCO or the Medicaid program has incurred duplicate payments. Therefore, the Department will not recover these payments identified by the auditor as unallowable. At times, patients need to be admitted to nursing facilities who do not meet skilled or rehabilitative level of care, or patients' stays exceed their eligibility period. These stays are not eligible for managed care coverage and the Department is responsible for payment of these claims. In support of the Department's mission and mandates, there are times when exceptions to the contract language must be made in order to maintain a patient's necessary care at a facility. When these exceptions are made, the Department communicates with both the MCO and the facility regarding the claims in question. The Department and the Health Care Authority have been engaging in a continuous process improvement, which includes: • Initiating multiple updates to contract language with MCOs to clarify the roles and responsibilities of the MCOs. • Continuing to update the nursing facility billing guide to provide further clarification of the Department's policy. • Issuing guidance via listserv messages to facilities, providing direct training, and coordinating with provider associations. As of June 2018, the Department repaid the questioned costs identified in the finding to the federal grantor. As of September 2018, the Department developed a policy to document when payment exceptions need to be made for clients to maintain residency at a facility and who will have the authority to make this decision.

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	047 (cont'd)	Completion Date: September 2018 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <u>Richard.meyer@dshs.wa.gov</u>

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2017	048	Finding:	The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls over and did not comply with requirements to ensure Adult Family Home providers had proper background checks.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$98,399</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$98,399	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.775	\$98,399								
		93.777									
		93.778									
		Status:	Corrective action in progress								
		Corrective Action:	The Department partially concurs with this finding. The Department agrees that one background check was not renewed timely. As of November 2017, the Department implemented an internal reporting tool which alerts staff to send a reminder notice to a provider when the current background check of an employee is expiring in 60 days. If the provider does not complete the background check by the required due date, a complaint investigation will be initiated. The Department does not concur with the two exceptions regarding the missing national fingerprint background check for the two providers. The providers in question had both applied in 2011, which was prior to WAC 388-76-10165 becoming effective and requiring a fingerprint check. The Department also does not agree the findings should be tied to questioned costs. The auditors did not identify any providers who had a disqualifying crime or negative action. While the one Adult Family Home in question was out of compliance with the licensing requirements of WAC 388-76 by not having current background check results on file, and is therefore subject to corrective action and sanctions by the Department, the provider was not unqualified to provide Medicaid paid services. Thus, the payments to the provider were proper. Additionally, the Department is unable to comment on or validate the auditor’s statement of noncompliance with background check issues related to the Adult Family Home employees because the auditor had failed to provide any data to substantiate this part of the finding. In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or determination. The conditions noted in this finding were previously reported in findings 2016-044, 2015-051, 2014-048, and 2013-037. The auditors considered finding 2013-037 as resolved in fiscal year 2018.								

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	048 (cont'd)	Completion Date: Estimated March 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

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Summary Schedule of Prior Audit Findings

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status												
2017	050	Finding: The Department of Social and Health Services, Aging and Long-Term Care Administration and Developmental Disabilities Administration, made improper overtime payments to Medicaid individual providers. <table> <tr> <td>Questioned</td><td><u>CFDA #</u></td><td><u>Amount</u></td></tr> <tr> <td>Costs:</td><td>93.775</td><td>\$9,778</td></tr> <tr> <td></td><td>93.777</td><td></td></tr> <tr> <td></td><td>93.778</td><td></td></tr> </table> Status: Corrective action in progress Corrective Action: The Department does not concur with the finding. The Department uses the Comprehensive Assessment Reporting Evaluation (CARE) tool, approved by the Centers for Medicare and Medicaid Services (CMS), to assess client needs and to allocate the number of hours of personal care and respite the client is eligible to receive. Payments were made to qualified providers for services the client was authorized to receive. All hours paid to the individual providers were allowable as no payments were made in excess of the CARE generated allowable hours. The Department's process complies with CMS's directive outlined in the information bulletin published by the U.S. Department of Health and Human Services in July 2014. The directive required that any processes developed by States must comply with the Fair Labor Standards Act (FLSA). The Department protects clients' access to eligible services and supports from a provider of their choice through their person-centered service plan. In addition, overtime costs paid under FLSA can be reimbursed as a reasonable cost related to the delivery of Medicaid services. The Department cannot prevent the provider from being paid more than their work week limit because labor law requires payment for all hours worked. Providers must therefore be allowed to claim and be paid for hours worked. However, the Department does follow the post-payment procedure outlined in WAC 388-114-0120 to address claims that exceed a provider's work week limit. With the passage of Engrossed Second Substitute House Bill 1725 (ESSHB 1725), the Legislature imposed work week limits on individual providers. The statute also directed the Department not to impose work week limits on individual providers until the Department conducted a review of the plan of care for the clients served by the individual provider. These reviews were not completed until July 2016, and five of the payments found by the auditors to be unallowable were made prior to this time.	Questioned	<u>CFDA #</u>	<u>Amount</u>	Costs:	93.775	\$9,778		93.777			93.778	
Questioned	<u>CFDA #</u>	<u>Amount</u>												
Costs:	93.775	\$9,778												
	93.777													
	93.778													

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2017	050 (cont'd)	The rules adopted as a result of ESSHB 1725 have a mechanism for terminating individual providers if they repeatedly exceed their work week limit. Regardless of whether the individual provider exceeds their work week limit, payment for all hours worked is required. The Department adheres to specific actions before stopping a payment to an individual provider who works more than the work week limit. The restrictions imposed on the individual provider by these statutory limits and associated rules have no relation to the client's benefit, which is reflected as authorized hours. The Department also notes that the calculation of the questioned costs was incorrect. The provision of the hours themselves are not in question, only the payment of overtime for these hours. The cost of overtime is the difference between the individual provider's base rate of pay and one and a half times of the base rate. Therefore, questioned costs should be calculated only on the overtime cost. The Department will continue to: • Follow procedures to identify providers who have excess claims over the work week limit. • Issue necessary contract actions according to Department policy. In July 2018, the Department sent a letter to the Centers for Medicare and Medicaid Services (CMS) to request an opinion as to whether the questioned costs need to be repaid. In October 2018, the Department held a telephone conference with CMS, the auditors, and the State Health Care Authority (HCA) to discuss the questioned costs. In March 2019, the Department followed up with CMS requesting a decision. As of June 2020, neither the Department nor HCA has received any correspondence from CMS regarding its opinion or decision. If the grantor contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action. Completion Date: Estimated March 2021 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

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Summary Schedule of Prior Audit Findings

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State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	033	Finding:	The Health Care Authority did not have adequate internal controls over its Medicaid inpatient hospital rate setting process and made overpayments to inpatient hospitals.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$358,754</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$358,754	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.775	\$358,754								
		93.777									
		93.778									
		Status:	Corrective action complete								
		Corrective Action:	The Authority has implemented additional internal controls in the annual rate setting process to: • Notify providers in accordance with agency policy. • Verify the accuracy of calculated rates prior to communication. • Perform post verification of system-loaded rates. As of May 2018, the Authority amended Washington Administrative Code (WAC) 182-550-3830 to eliminate the contradiction between it and WAC 182-550-3800. The Authority has returned the questioned costs of \$358,754 on the CMS-64 report, quarter ending June 2019.								
		Completion Date:	June 2019								
		Agency Contact:	Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 360-725-9586 <u>Keri.kelley@hca.wa.gov</u>								

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2016	047	Finding: Medicaid funds were overpaid to a supported living agency that contracted with the Department of Social and Health Services, Developmental Disabilities Administration. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$1,258,250 93.777 93.778 Status: Corrective action complete Corrective Action: The Department partially concurs with finding. The Department processed the payment notice to the Department's Office of Financial Recovery (OFR) in February 2017. Per federal rules, the Department is not required to refund the federal share of an overpayment made to a provider to the extent that the Department is unable to recover the overpayment because the provider has been determined bankrupt. The provider in question filed for bankruptcy in March 2019. The Department worked with OFR to follow the federal and state rules for financial recovery that pertains to bankruptcy proceedings, and submitted the required information received from the bankruptcy court for the amount owed. As of March 2019, the Department forwarded all court records to the U.S. Department of Health and Human Services. Completion Date: March 2019 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

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Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status									
2016	048	Finding:	The Department of Social and Health Services, Aging and Long-Term Care Administration, made improper Medicaid payments to individual providers.								
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.775</td><td>\$90,685</td></tr><tr><td>93.777</td><td></td></tr><tr><td>93.778</td><td></td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.775	\$90,685	93.777		93.778	
		<u>CFDA #</u>	<u>Amount</u>								
		93.775	\$90,685								
		93.777									
		93.778									
		Status:	Corrective action complete								
		Corrective Action:	The Department partially concurs with the audit finding. The auditors used payment data to identify payments made to individual providers who claimed payment for personal care and mileage services on the same date of service that payment was made to a hospital or long-term care facility. The Department concurs that unallowable payments were made, but it is not known whether payments were incorrectly claimed by the individual providers, rather than the hospital or long term care facility. The audit work was performed during the first three months after the Department's new billing system, Individual ProviderOne (IPOne), went live. During this time, providers were experiencing a learning curve in using the new system, which may have contributed to incorrect claims made during this time period. Since the implementation of the IPOne system, internal controls have strengthened in processing payments to individual providers. It is now easier for the Department to discover incidents when providers are claiming hours for a time period in which a client is in a hospital, long-term care facility, or other institutional setting. As of November 2018, the Department developed a process to research and remediate occurrences of payments made for personal care and mileage services while a client was either hospitalized or admitted to a long-term care facility. As of December 2018, the Department repaid the questioned costs to the Department of Health and Human Services. As of January 2020, the individual provider overpayment functionality in IPOne was implemented.								
		Completion Date:	January 2020								
		Agency Contact:	Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov								

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

State Health Care Authority

Agency 107

Fiscal Year	Finding Number	Finding and Corrective Action Status	
2015	037	Finding: The Health Care Authority overpaid Medicaid providers for dental services. Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.775 \$25,945 93.777 93.778 ARRA and non-ARRA Status: Corrective action complete Corrective Action: The Authority has recouped the unallowable claims paid to dental providers. The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs. The conditions noted in this finding were previously reported in finding 2014-033 and 2013-027, and 12-53, which the auditors determined to be resolved. Completion Date: November 2016 Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 360-725-9586 Keri.kelley@hca.wa.gov	

State of Washington - Office of Financial Management
Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended
June 30, 2020

Department of Social and Health Services

Agency 300

Fiscal Year	Finding Number	Finding and Corrective Action Status
2015	041	Finding: The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients. Questioned <u>CFDA #</u> <u>Amount</u> Costs: 93.775 \$22,584 93.777 93.778 ARRA and non-ARRA Status: Corrective action complete Corrective Action: This finding involved three administrations within the Department: the Aging and Long Term Support Administration (ALTSA), the Developmental Disabilities Administration, and the Behavioral Health Administration. Each administration has taken or will take corrective action. The audit identified 97 instances of payments made through the Social Service Payment System and ProviderOne for services provided after the client's date of death (ALTSA: 81; DDA: 8; BHA: 8). ALTSA has determined 20 of the 81 payments were for allowable services prior to the client's death. For the remaining 77 payments, the Department has sent overpayment notices to the providers. As of July 2018, the questioned costs were returned to the Center for Medicaid and Medicare Services. The Department's goal for payment of services provided after the date of death is zero, and it seeks to reach that mark. The following processes were implemented to strengthen controls: • Direct staff to follow policies and procedures to ensure authorization of services is closed by the effective date of death. • Generate a monthly Long Term Care Client Payments After Death Report that identifies clients who have authorizations paid after their date of death. • Perform post payment review to ensure that any authorizations or payments not identified by the monthly reports are captured and recovered. • Ensure overpayments are processed timely and funds returned to the federal grantor. • Continue partnership with the Health Care Authority to identify payments after the date of death. The conditions noted in this finding were previously reported in finding and 2014-050 which the auditors determined to be resolved. Completion Date: July 2018 Agency Contact: Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 Richard.meyer@dshs.wa.gov

State of Washington
Single Audit Report
For Fiscal Year Ended
June 30, 2020

Appendices

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Washington State Agency Codes (By Agency Alphabetically)
For the Fiscal Year Ended June 30, 2020

Agency No.	Agency	Agency No.	Agency
165	Accountancy, State Board of (ACB)	106	Economic Development Finance Authority, Washington (EDA)
035	Actuary, Office of the State (OSA)	610	Edmonds Community College (EDC)
110	Administrative Hearings, Office of (OAH)	540	Employment Security Department (ES)
055	Administrative Office of the Courts (AOC)	179	Enterprise Services, Department of (DES)
119	African-American Affairs, Washington State Commission on (CAA)	468	Environmental and Land Use Hearings Office (ELUHO)
495	Agriculture, Department of (AGR)	605	Everett Community College (EVC)
355	Archaeology and Historic Preservation, Department of (DAHP)	102	Financial Institutions, Department of (DFI)
387	Arts Commission, Washington State (ART)	105	Financial Management, Office of (OFM)
087	Asian-Pacific-American Affairs, Washington State Commission on (APA)	477	Fish and Wildlife, Department of (DFW)
100	Attorney General, Office of the (ATG)	167	Forensic Investigations Council (FIC)
095	Auditor, Office of the State (SAO)	411	Freight Mobility Strategic Investment Board (FMSIB)
695	Bates Technical College (BATES)	117	Gambling Commission, Washington State (GMB)
627	Bellevue College (BC)	075	Governor, Office of the (GOV)
694	Bellingham Technical College (BTC)	648	Grays Harbor College (GHC)
629	Big Bend Community College (BBC)	649	Green River College (GRC)
315	Blind, Department of Services for the (DSB)	521	Hardwoods Commission (HRWD)
351	Blind, State School for the (SFB)	303	Health, Department of (DOH)
634	Cascadia College (CC)	107	Health Care Authority, State (HCA)
101	Caseload Forecast Council (CFC)	599	Health Care Facilities Authority, Washington (WHCFA)
375	Central Washington University (CWU)	346	Higher Education Facilities Authority, Washington (WHEFA)
632	Centralia College (CEC)	652	Highline College (HC)
307	Children, Youth, and Families, Department of (DCYF)	118	Hispanic Affairs, Washington State Commission on (CHA)
057	Civil Legal Aid, Office of (OCLA)	395	Historical Society, Eastern Washington State (EWH)
635	Clark College (CLC)	390	Historical Society, Washington State (WHS)
696	Clover Park Technical College (CPTC)	185	Horse Racing Commission, Washington (HRC)
639	Columbia Basin College (CBC)	011	House of Representatives (REP)
460	Columbia River Gorge Commission (CRG)	148	Housing Finance Commission, Washington State (HFC)
103	Commerce, Department of (COM)	120	Human Rights Commission (HUM)
352	Community and Technical Colleges, State Board for (SBCTC)	086	Indian Affairs, Governor's Office of (INA)
699	Community and Technical College System (CTCS)	190	Industrial Insurance Appeals, Board of (IND)
471	Conservation Commission, State (SCC)	160	Insurance Commissioner, Office of the (INS)
163	Consolidated Technology Services (CTS)	126	Investment Board, State (SIB)
310	Corrections, Department of (DOC)	014	Joint Legislative Audit and Review Committee (JLARC)
406	County Road Administration Board (CRAB)	038	Joint Legislative Systems Committee (JLS)
048	Court of Appeals (COA)	013	Joint Transportation Committee (JTC)
227	Criminal Justice Training Commission, Washington State (CJT)	050	Judicial Conduct, Commission on (CJC)
370	Eastern Washington University (EWU)		
461	Ecology, Department of (ECY)		
104	Economic and Revenue Forecast Council (ERFC)		

Washington State Agency Codes (By Agency Alphabetically)
For the Fiscal Year Ended June 30, 2020

Agency No.	Agency	Agency No.	Agency
235	Labor and Industries, Department of (L&I)	085	Secretary of State, Office of the (SEC)
692	Lake Washington Institute of Technology (LWIT)	012	Senate (SEN)
341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)	672	Shoreline Community College (SHC)
046	Law Library, State (LAW)	674	Skagit Valley College (SVC)
020	Legislative Evaluation and Accountability Program Committee (LEAP)	300	Social and Health Services, Department of
037	Legislative Support Services, Office of (LSS)	675	South Puget Sound Community College (SPS)
240	Licensing, Department of (DOL)	676	Spokane Community Colleges - District 17 (SCCD-17)
080	Lieutenant Governor, Office of the (LTG)	040	Statute Law Committee (SLC)
356	Life Sciences Discovery Fund Authority (LSDFA)	340	Student Achievement Council (SAC)
195	Liquor and Cannabis Board (LCB)	045	Supreme Court (SUP)
116	Lottery Commission, State (LOT)	678	Tacoma Community College (TCC)
657	Lower Columbia College (LCC)	142	Tax Appeals, Board of (BTA)
412	Materials Management and Financing Authority, Washington (WMMFA)	376	The Evergreen State College (TESC)
245	Military Department (MIL)	304	Tobacco Settlement Authority (TOB)
147	Minority and Women's Business Enterprises, Office of (OMWBE)	228	Traffic Safety Commission, Washington (STS)
490	Natural Resources, Department of (DNR)	405	Transportation, Department of (DOT)
662	Olympic College (OLC)	410	Transportation Commission (TRC)
465	Parks and Recreation Commission, State (PARKS)	407	Transportation Improvement Board (TIB)
225	Patrol, Washington State (WSP)	090	Treasurer, Office of the State (OST)
665	Peninsula College (PEC)	360	University of Washington (UW)
637	Pierce College (PIE)	215	Utilities and Transportation Commission (UTC)
205	Pilotage Commissioners, Board of (BPC)	305	Veterans' Affairs, Department of (DVA)
462	Pollution Liability Insurance Program, Washington (PLI)	220	Volunteer Firefighters and Reserve Officers, Board for (BVFFRO)
056	Public Defense, Office of (OPD)	683	Walla Walla Community College (WLC)
082	Public Disclosure Commission (PDC)	359	Washington Charter School Commission (WCSC)
275	Public Employment Relations Commission (PERC)	365	Washington State University (WSU)
350	Public Instruction, Superintendent of (SPI)	686	Wenatchee Valley College (WVC)
478	Puget Sound Partnership (PSP)	380	Western Washington University (WWU)
467	Recreation and Conservation Funding Board	621	Whatcom Community College (WHC)
091	Redistricting Commission (RDC)	354	Workforce Training and Education Coordinating Board (WFTECB)
166	Registration for Professional Engineers and Land Surveyors, Board of (BRPELS)	691	Yakima Valley College (YVC)
693	Renton Technical College (RTC)		
124	Retirement Systems, Department of (DRS)		
140	Revenue, Department of (DOR)		
099	Salaries for Elected Officials, Washington Citizens' Commission on (COS)		
670	Seattle Community College - District 6 (SCCD-6)		

Washington State Agency Codes (By Agency Assigned Number)
For the Fiscal Year Ended June 30, 2020

Agency No.	Agency	Agency No.	Agency
011	House of Representatives (REP)	120	Human Rights Commission (HUM)
012	Senate (SEN)	124	Retirement Systems, Department of (DRS)
013	Joint Transportation Committee (JTC)	126	Investment Board, State (SIB)
014	Joint Legislative Audit and Review Committee (JLARC)	140	Revenue, Department of (DOR)
020	Legislative Evaluation and Accountability Program Committee (LEAP)	142	Tax Appeals, Board of (BTA)
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117	Gambling Commission, Washington State (GMB)	350	Public Instruction, Superintendent of (SPI)
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119	African-American Affairs, Washington State Commission on (CAA)		

Washington State Agency Codes (By Agency Assigned Number)
For the Fiscal Year Ended June 30, 2020

Agency No.	Agency	Agency No.	Agency
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	State Center for (CDHL)	627	Bellevue College (BC)
354	Work Force Training and Education Coordinating Board (WFTECB)	629	Big Bend Community College (BBC)
355	Archaeology and Historic Preservation, Department of (DAHP)	632	Centralia College (CEC)
356	Life Sciences Discovery Fund Authority (LSDFA)	634	Cascadia College (CC)
359	Washington Charter School Commission (WCSC)	635	Clark College (CLC)
360	University of Washington (UW)	637	Pierce College (PIE)
365	Washington State University (WSU)	639	Columbia Basin College (CBC)
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375	Central Washington University (CWU)	649	Green River College (GRC)
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495	Agriculture, Department of (AGR)		
521	Hardwoods Commission (HRWD)		
540	Employment Security Department (ES)		
599	Health Care Facilities Authority, Washington (WHCFA)		
605	Everett Community College (EVC)		
610	Edmonds Community College (EDC)		

Community and Technical College Reporting

For the Fiscal Year Ended June 30, 2020

Agency 699 – Community and Technical College System is the administrative reporting agency for the following 30 community and technical colleges and the State Board for Community and Technical Colleges:

Bates Technical College
Bellevue College
Bellingham Technical College
Big Bend Community College
Cascadia College
Centralia College
Clark College
Clover Park Technical College
Columbia Basin College
Edmonds College
Everett Community College
Grays Harbor College
Green River College
Highline College
Lake Washington Institute of Technology
Lower Columbia College
Olympic College
Peninsula College
Pierce College
Renton Technical College
Seattle Community Colleges
Shoreline Community College
Skagit Valley College
South Puget Sound Community College
Spokane Community Colleges
Tacoma Community College
Walla Walla Community College
Wenatchee Valley College
Whatcom Community College
Yakima Valley College

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