

STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

# Single Audit Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



MARCH 2016

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STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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For the Fiscal Year Ended June 30, 2015

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# Washington State Auditor's Office

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

October 30, 2015

The Honorable Jay Inslee  
Governor, State of 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, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

### 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, Local Government Investment Pool, University of Washington, and 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 Total Revenues/ Additions
Governmental Activities	13.6%	26.1%	8.3%
Business-Type Activities	75.0%	100.0%	28.8%
Higher Education Special Revenue Fund	55.5%	57.7%	51.5%
Higher Education Endowment Fund	96.7%	96.7%	100.0%
Higher Education Student Services Fund	77.0%	92.3%	84.6%
Workers' Compensation Fund	94.7%	100.0%	8.2%
Guaranteed Education Tuition Program Fund	88.8%	100.0%	28.3%
Aggregate Discretely Presented Component Units and Remaining Fund Information	92.6%	94.4%	64.3%

Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned entities and funds, 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. The financial statements of the Department of Retirement Systems, Local Government Investment Pool, University of Washington, and the funds managed by the State Investment Board were not audited in accordance with *Government Auditing Standards*.

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.

## Opinion

In our opinion, based on our audit and the reports of 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, 2015, 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 \$32.06 billion, which comprise 28.2 percent of total assets and 30.6 percent of net position of the aggregate discretely presented component units and remaining fund information. The fair values of these investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion was not modified with respect to this matter.

As described in Note 2, during the year ended June 30, 2015, the State has implemented the Governmental Accounting Standards Board *Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. 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, budgetary comparison schedules and information, pension plan information, other postemployment benefits information and infrastructure assets reported using the modified approach 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 and the other auditors 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.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying information listed as combining financial statements and individual fund schedules is presented for purposes of additional analysis 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. This information has been subjected to 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, 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. That report will be issued under separate cover in the State's Single Audit Report. 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.

Sincerely,

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is written in a cursive, flowing style.

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

**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, 2015. 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 \$20.60 billion (reported as net position). Of this amount, \$(12.89) 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 \$14.70 billion, an increase of 2.4 percent compared with the prior year as restated.
- The state implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions* for fiscal year 2015 financial reporting which resulted in a decrease in the beginning balance of net position of \$3.04 billion in Governmental Activities and a decrease of \$474.2 million for Business-Type Activities.
- The state's capital assets increased by \$1.39 billion, total bond debt increased by \$670.1 million, and the state's net investment in capital assets is \$20.93 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 a basis for comparison (year-to-year or government-to-government), and enhance the state's accountability.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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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, as well as Washington's lottery, the Guaranteed Education Tuition Program (GET), and various higher education student services such as housing and dining.

The government-wide financial statements can be found on pages 36-39 of this report.

## FUND FINANCIAL STATEMENTS

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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. The governmental fund financial statements can be found on pages 42-45 of 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, central stores, data processing services, risk management, employee health insurance, and printing services. 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, the Higher Education Student Services Fund, and the Guaranteed Education Tuition Program 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. The proprietary fund financial statements can be found on pages 46-55 of 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 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. The fiduciary fund financial statements can be found on pages 56-57 of 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 four major component units, the Valley Medical Center, Northwest Hospital, the Washington State Public Stadium Authority and the Health Benefit Exchange, as well as four nonmajor component units. Refer to Note 1 on pages 67-68 for more detailed information. Individual fund data for the state's nonmajor component units are provided in the form of combining statements elsewhere in this report. The component unit financial statements can be found on pages 58-63 of this report.

## 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. The notes to the financial statements can be found on pages 65-164 of this report.

## OTHER INFORMATION

In addition to this discussion and analysis, 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.

Required supplementary information can be found on pages 167-190 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information. Combining financial statements and individual fund schedules can be found on pages 193-257 of this report.

STATE OF WASHINGTON						
Statement of Net Position						
<i>(in millions of dollars)</i>						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and other assets	\$ 23,812	\$ 21,468	\$ 24,557	\$ 24,394	\$ 48,369	\$ 45,862
Capital assets	37,783	36,375	2,925	2,850	40,708	39,225
Total assets	61,595	57,843	27,482	27,244	89,077	85,087
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	481	-	83	15	564	15
<b>LIABILITIES</b>						
Current and other liabilities	5,339	5,043	1,035	1,190	6,374	6,233
Long-term liabilities outstanding	30,459	25,994	30,104	29,947	60,563	55,941
Total liabilities	35,798	31,037	31,139	31,137	66,937	62,174
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,944	2	158	-	2,102	2
<b>NET POSITION</b>						
Net investment in capital assets	19,958	19,816	973	625	20,931	20,441
Restricted	8,320	6,589	4,240	3,815	12,560	10,404
Unrestricted	(3,944)	399	(8,945)	(8,318)	(12,889)	(7,919)
Total net position	\$ 24,334	\$ 26,804	\$ (3,732)	\$ (3,878)	\$ 20,602	\$ 22,926

## 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 \$20.60 billion at June 30, 2015, as compared to \$22.93 billion as reported at June 30, 2014.

The largest portion of the state's net position (101.6 percent for fiscal year 2015 as compared to 89.2 percent

for fiscal year 2014) 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 (61.0 percent for fiscal year 2015 as compared to 45.4 percent for fiscal year 2014) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(12.89) 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 decreased from \$26.80 billion in fiscal year 2014 to \$24.33 billion in fiscal year 2015. Beginning balance adjustments accounted for \$2.14 billion of the decrease in net position. These include the implementation of GASB Statement No. 68 and offsetting adjustments to correct prior accounting practices. The remaining decrease of \$327.9 million reflects increases in expenses that outpaced the increases in revenues.

In business-type activities, the deficit is caused by 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		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 5,985	\$ 5,850	\$ 6,631	\$ 6,416	\$ 12,616	\$ 12,266
Operating grants and contributions	15,158	13,240	77	326	15,235	13,566
Capital grants and contributions	867	1,066	-	-	867	1,066
General revenues:						
Taxes	18,132	17,849	20	22	18,152	17,871
Interest and investment earnings (loss)	307	621	377	1,618	684	2,239
Total revenues	<u>40,449</u>	<u>38,626</u>	<u>7,105</u>	<u>8,382</u>	<u>47,554</u>	<u>47,008</u>
<b>EXPENSES</b>						
General government	(1,987)	(1,607)	-	-	(1,987)	(1,607)
Education - K-12	(9,426)	(8,914)	-	-	(9,426)	(8,914)
Education - Higher education	(7,095)	(6,910)	-	-	(7,095)	(6,910)
Human services	(16,890)	(15,052)	-	-	(16,890)	(15,052)
Adult corrections	(956)	(911)	-	-	(956)	(911)
Natural resources and recreation	(1,335)	(1,137)	-	-	(1,335)	(1,137)
Transportation	(2,309)	(2,400)	-	-	(2,309)	(2,400)
Interest on long-term debt	(981)	(938)	-	-	(981)	(938)
Workers' compensation	-	-	(3,018)	(3,142)	(3,018)	(3,142)
Unemployment compensation	-	-	(968)	(1,380)	(968)	(1,380)
Higher education student services	-	-	(2,314)	(2,080)	(2,314)	(2,080)
Washington's lottery	-	-	(466)	(463)	(466)	(463)
Guaranteed education tuition program	-	-	585	(185)	585	(185)
Other business-type activities	-	-	(158)	(133)	(158)	(133)
Total expenses	<u>(40,979)</u>	<u>(37,869)</u>	<u>(6,339)</u>	<u>(7,383)</u>	<u>(47,318)</u>	<u>(45,252)</u>
Excess (deficiency) of revenues over expenses before contributions to endowments and transfers	(530)	757	766	999	236	1,756
Contributions to endowments	66	66	-	-	66	66
Transfers	136	94	(136)	(94)	-	-
Increase (decrease) in net position	(328)	917	630	905	302	1,822
Net position - July 1, as restated	<u>24,662</u>	<u>25,887</u>	<u>(4,362)</u>	<u>(4,783)</u>	<u>20,300</u>	<u>21,104</u>
Net position - June 30	<u>\$ 24,334</u>	<u>\$ 26,804</u>	<u>\$ (3,732)</u>	<u>\$ (3,878)</u>	<u>\$ 20,602</u>	<u>\$ 22,926</u>

**Governmental Activities.** Governmental activities resulted in a decrease in the state of Washington's net position of \$327.9 million. A number of factors were in play including increases in both spending on K-12 education and tax revenues.

- Expenses grew by \$511.9 million for K-12 education in 2015 as compared to fiscal year 2014. The state is working to meet the requirements of the state Supreme Court's 2012 McCleary ruling to meet its constitutional duty to fund basic education.
- Tax revenues increased by \$282.7 million in fiscal year 2015 as compared to fiscal year 2014 reflecting positive growth in the economy. Sales and use taxes reported an increase of \$636.1 million. Sales and use taxes are the main tax revenue for governmental activities. Real estate excise tax revenue increased by \$209.9 million. Real estate excise taxes are levied on the sale of real estate. These tax revenue increases reflect the rebounding economy, recovering housing markets, and improving employment picture in Washington.
- Sales of recreational marijuana generated \$64.9 million in new excise tax in 2015.
- Tuition and fee revenues at higher education institutions held steady in fiscal year 2015 compared with fiscal year 2014.
- Operating grants and contributions grew by \$1.92 billion in fiscal year 2015 compared with 2014 and was matched with an increase in human services expenses. The increases in both grant revenue and human services expenditures are largely due to the state expansion of its Medicaid program under the Affordable Care Act providing coverage to 534,000 newly eligible adults.

**Business-Type Activities.** Business-type activities increased the state of Washington's net position by \$629.6 million. Workers' compensation, unemployment compensation, and guaranteed education tuition activities contributed to the increase. Key factors contributing to the operating results of business-type activities are:

- The workers' compensation activity decrease in net position in fiscal year 2015 was \$400.9 million compared to an increase of \$240.4 million in fiscal year 2014. Premium revenue increased by \$137.1 million as a result of an increase in the number of hours reported by employers, a mid-year premium rate increase, and an increase in the number of hours reported by businesses in higher rate classes. Claim costs decreased by \$144.2 million in fiscal year 2015 compared with

fiscal year 2014 reflecting a reduction in the number of time-loss claims. Nonoperating investment income decreased by \$902.6 million due predominately to a net decrease in realized and unrealized gains on debt securities. The workers' compensation portfolio is 86.1 percent debt securities.

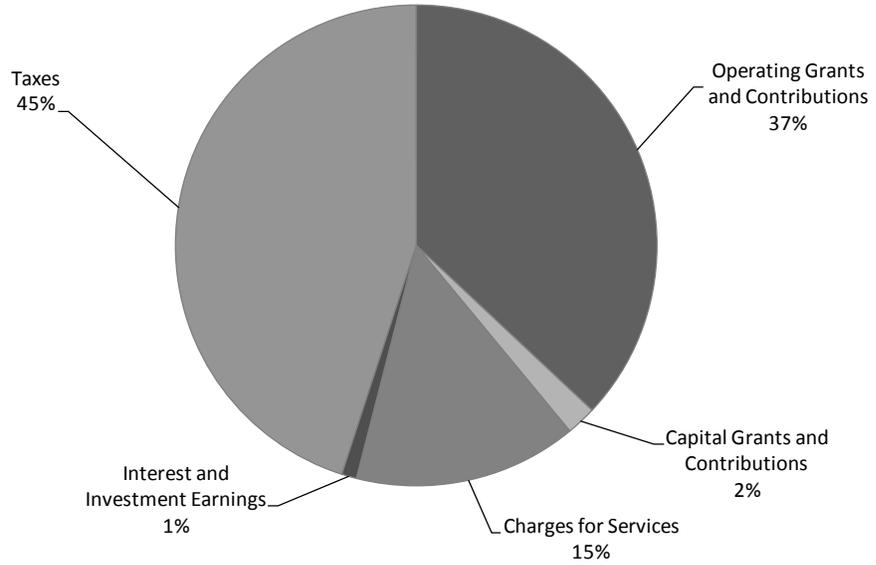
- The unemployment compensation activity reported an operating income in fiscal year 2015 of \$344.9 million, compared to \$272.6 million in fiscal year 2014. Washington's unemployment insurance program is an experience-based system with the largest part of an individual employer's tax rate being based on the employer's layoff experience over the past four years. The economic recovery in the state has stabilized employment and resulted in a decline in unemployment insurance benefits of \$411.7 million in fiscal year 2015 over fiscal year 2014. The decrease in benefit costs was the result of a decline in both the number of claims and the duration of the claims. The unemployment rate for the state for June 2015 was 5.3 percent, down from 5.4 percent in June 2014, and the insured rate declined to 1.5 percent in fiscal year 2015 from 1.8 percent in fiscal year 2014. The state's unemployment insurance premiums are experience based and the unemployment rate is declining, which resulted in premium revenue decreasing by 6.8 percent. The \$247.0 million decline in federal aid also reflects the decrease in the unemployment rate.
- The Guaranteed Education Tuition (GET) Program reported an increase in net position of \$658.7 million increasing its funded status to 140.1 percent, up from 105.8 percent the previous year, in spite of the fact that the number of tuition units sold dropped for the fourth straight year and investment returns were down.

Investment returns declined to 0.8 percent in fiscal year 2015 compared to 16.4 percent in fiscal year 2014. The GET investment portfolio was rebalanced during fiscal year 2015 to diversify the portfolio across various investment types as well as broadly within asset classes in order to reduce the aggregate volatility of the total portfolio.

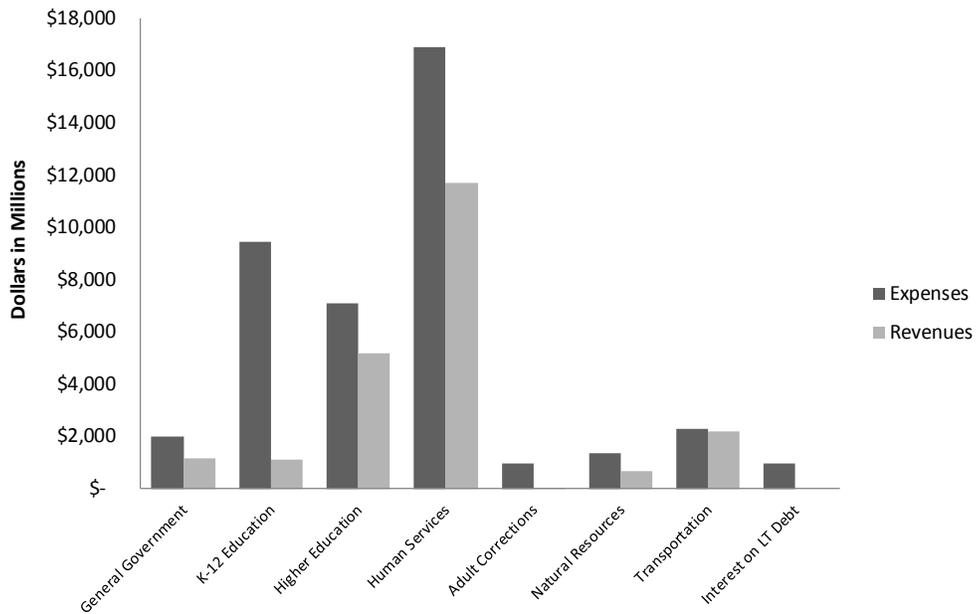
While current year investment returns were down, the actuarial valuation of the obligation for future tuition benefits assumed a higher rate of investment return based on a recent experience study. The valuation also assumed a lower rate of tuition growth in response to recently enacted legislation. Overall the tuition benefit obligation decreased by 29.8 percent.

- The remaining business-type activities reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.

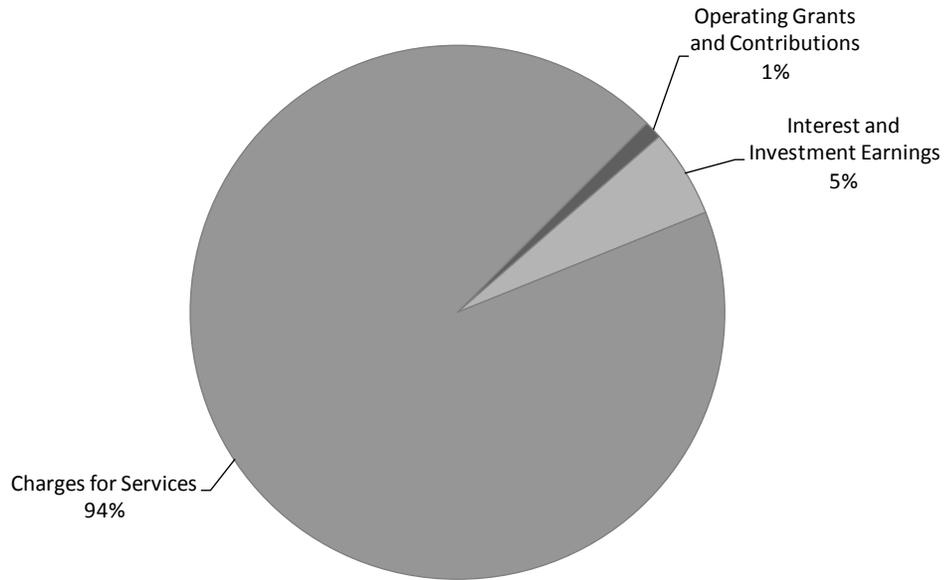
### Revenues by Source: Governmental Activities



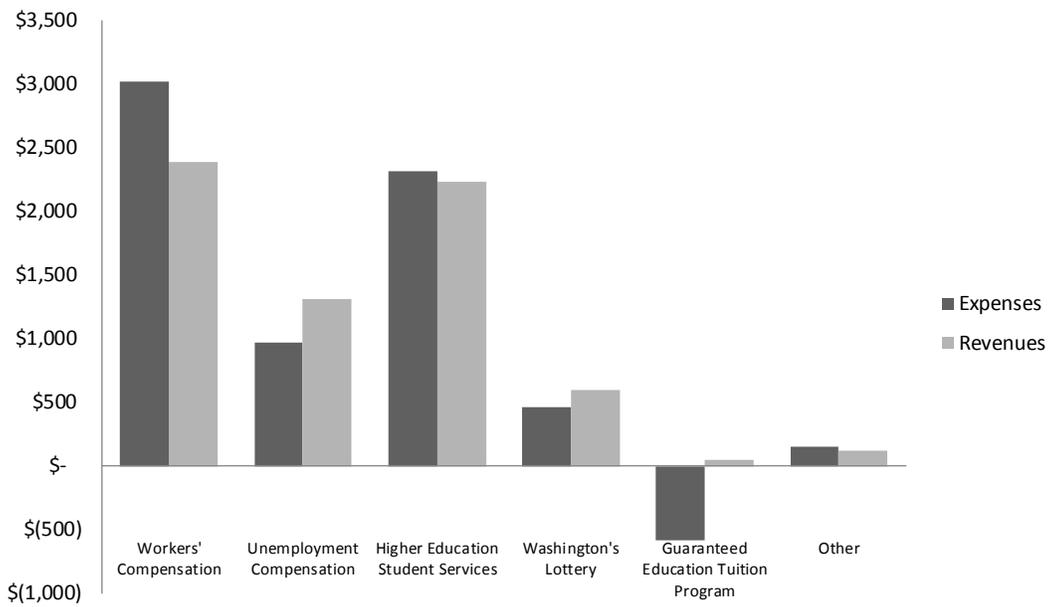
### Program Revenues and Expenses: Governmental Activities



### 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.

**Adjustments to Beginning Fund Balances.** As described in Note 2 to the financial statements on pages 79 and 80, beginning fund balances of governmental funds were adjusted to correct prior period activity.

**Fund Balances.** At June 30, 2015, the state's governmental funds reported combined ending fund balances of \$14.70 billion. Of this amount, \$2.53 billion or 17.3 percent is nonspendable, either due to its form or legal constraints, and \$4.37 billion or 29.7 percent is

restricted for specific programs by external constraints, constitutional provisions or contractual obligations. An additional \$5.97 billion or 40.6 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 \$1.03 billion or 7.0 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. As noted in the table below, fund balance improved as a result of operations by \$854.3 million in fiscal year 2015, as compared to a \$443.5 million gain in fiscal year 2014. Increased revenues from taxes and federal grants-in-aid and targeted spending increases in K-12 education and social and health services combined with a concerted effort to hold the line on other spending were the key contributing factors. Assigned fund balance of \$1.01 billion is reported for fiscal year 2015 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
<b>General Fund</b>			
<i>(in millions of dollars)</i>			
	Fiscal Year		Difference
	2015	2014	Increase (Decrease)
<b>REVENUES</b>			
Taxes	\$ 17,025	\$ 16,008	\$ 1,017
Federal grants	12,053	10,226	1,827
Investment revenue (loss)	8	7	1
Other	698	614	84
Total	<u>29,784</u>	<u>26,855</u>	<u>2,929</u>
<b>EXPENDITURES</b>			
Human services	16,794	14,920	1,874
Education	10,177	9,754	423
Other	1,505	1,460	45
Total	<u>28,476</u>	<u>26,134</u>	<u>2,342</u>
Net transfers in (out)	(653)	(447)	(206)
Other financing sources	199	170	29
Net increase (decrease) in fund balance	<u>\$ 854</u>	<u>\$ 444</u>	<u>\$ 410</u>

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 are as follows:

- The change in net position of the Higher Education Special Revenue Fund in fiscal year 2015 was \$126.1 million compared to \$140.6 million in fiscal year 2014. The decline in fiscal year 2015 was largely due to a 6.8 percent increase in expenditures outpacing revenue growth. Revenues showed only a slight gain of 2.7 percent reflecting the state’s decision to hold tuition steady.
- The fund balance for the Higher Education Endowment Fund increased by \$80.8 million in fiscal year 2015. Fiscal year 2015 reported a decrease of \$283.6 million in investment earnings due to a downturn in the market.

**Proprietary Funds.** The state of Washington’s proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail. Significant changes are as follows:

- The Workers’ Compensation Fund reported a decrease in net position of \$400.9 million in fiscal year 2015. Operating revenues increased by \$138.1 million and operating expenses decreased by \$123.5 million as compared to fiscal year 2014. As previously reported, operating revenues increased due to an increase in reported hours in higher rate classes and claims expense decreased due to a reduction in the number of time-loss claims. Investment income decreased \$902.6 million over fiscal year 2014 due to a decrease in net realized and unrealized capital gains.
- Washington’s Unemployment Compensation Fund reported an increase in net position of \$425.4 million. As reported previously, premium revenue increased reflecting a growing workforce and higher taxable wage base. Unemployment benefit claims expense decreased by \$411.7 million in fiscal year 2015 as compared to 2014 and federal aid decreased by \$247.0 million over the same period. The decreases in both benefit claims and federal aid are consistent with the decline in the state’s unemployment rate.

- The Guaranteed Education Tuition (GET) Program Fund reported an increase in net position of \$658.7 million in fiscal year 2015. As previously reported, the increase is due primarily to a reduction in the assumed rate of tuition growth and a higher assumed rate of investment return.
- The Higher Education Student Services Fund and the nonmajor enterprise funds reported activity fairly consistent with the prior year.

## 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 \$2.63 billion over the course of the biennium. The major increase in estimated resources is reported in federal grants-in-aid reflecting the state expansion of its Medicaid program under the Affordable Care Act.
- Appropriated expenditure authority increased by \$1.97 billion over the biennium to address increases in mandatory and high priority programs. The major increases in appropriation authority were in human services. The availability of additional federal funding allowed the state to provide coverage to more than 534,000 newly eligible adults under the Affordable Care Act.

The state did not overspend its legal spending authority for the 2013-15 biennium. Actual General Fund revenues and expenditures were 97.8 and 97.0 percent of final budgeted resources and appropriations, respectively, for the 2013-15 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, 2015, totaled \$40.71 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 2015 investment in capital assets, net of current year depreciation, increased \$1.39 billion over fiscal year 2014, including increases to the state's transportation infrastructure of \$818.2 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 \$2.42 billion.

Additional information on the state of Washington's capital assets can be found in Note 6 beginning on page 110 of this report.

**Infrastructure.** The state 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 20,732 lane miles of pavement, 3,288 bridges, and 48 highway safety rest areas. Infrastructure asset categories are assessed on a two year cycle, either on a calendar year or fiscal year basis.

STATE OF WASHINGTON						
Capital Assets - Net of Depreciation						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014	2015	2014
Land	\$ 2,625	\$ 2,571	\$ 58	\$ 61	\$ 2,683	\$ 2,632
Transportation infrastructure and other assets not depreciated	23,376	22,554	5	5	23,381	22,559
Buildings	7,826	7,702	2,312	2,410	10,138	10,112
Furnishings, equipment, and intangible assets	1,829	1,513	183	189	2,012	1,702
Other improvements and infrastructure	1,236	1,223	75	81	1,311	1,304
Construction in progress	891	906	293	104	1,184	1,010
<b>Total</b>	<b>\$ 37,783</b>	<b>\$ 36,469</b>	<b>\$ 2,926</b>	<b>\$ 2,850</b>	<b>\$ 40,709</b>	<b>\$ 39,319</b>

\* Prior year balances restated for comparability

The state'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 beginning on page 187.

The most recent pavements condition assessment indicates that 92.8 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 92.2 percent in fair or better condition. For fiscal year 2015, actual maintenance and preservation expenditures were 17.8 percent lower than planned, and over the past five

fiscal years, the actual expenditures were 6.2 percent lower than planned.

The most recent bridge condition assessment indicates that 92.1 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 93 percent in good or fair condition. For fiscal year 2015, the actual maintenance and preservation expenditures were 9.9 percent lower than planned, and over the past five fiscal years, the actual expenditures were 8.4 percent lower than planned.

**Bond Debt.** At the end of fiscal year 2015, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance premiums of \$19.87 billion, an increase of 2.4 percent from fiscal year 2014. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$5.61 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, 2015, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 8.5 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 2009 - 2014 is \$14.79 billion. The debt service limitation, 8.5 percent of this mean, is \$1.26 billion. The state's maximum annual debt service as of June 30, 2015, subject to the constitutional debt limitation is \$1.13 billion, or \$128.3 million less than the debt service limitation.

For further information on the debt limit, refer to the statistical section on page 282 of this report or the Certification of the Debt Limitation of the State of Washington, available from the Office of the State Treasurer at: [http://www.tre.wa.gov/documents/debt\\_cdl2015.pdf](http://www.tre.wa.gov/documents/debt_cdl2015.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 chairman.

As of June 30, 2015, the state of Washington's general obligation debt was rated Aa1 by Moody's Investor Service, AA+ by Standard & Poor's Rating Group (S & P), and AA+ by Fitch Ratings.

STATE OF WASHINGTON						
<b>Bond Debt</b>						
<i>(in millions of dollars)</i>						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014*	2015	2014*	2015	2014
General obligation (GO) bonds	\$ 19,396	\$ 18,954	\$ 4	\$ 8	\$ 19,400	\$ 18,962
Accreted interest on zero interest rate GO bonds	472	416	-	-	472	416
Revenue bonds	2,316	2,021	1,991	2,109	4,307	4,130
<b>Total</b>	<b>\$ 22,184</b>	<b>\$ 21,391</b>	<b>\$ 1,995</b>	<b>\$ 2,117</b>	<b>\$ 24,179</b>	<b>\$ 23,508</b>

\* Prior year balances restated for comparability

The state had revenue debt outstanding at June 30, 2015, of \$4.31 billion, an increase of \$177.1 million over fiscal year 2014. The increase is primarily related to grant anticipation revenue bonds issued by the Washington State Department of Transportation and revenue bonds issued by state colleges and universities. 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 exception is 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 \$3.19 billion were refunded during the year. Washington's refunding activity produced \$449.4 million in gross debt service savings.

Additional information on the state's bond debt obligations is presented in Note 7 beginning on page 114 of this report.

## Conditions with Expected Future Impact

**Economic Outlook.** Washington is well positioned for economic and population expansion. The state has a diverse industrial and environmental base that supports trade with Pacific Rim countries as well as knowledge-based industries including information, health, business, and financial services.

Washington's expanding economy, accelerated gains in hiring, and recovering housing markets have had a positive

effect on revenue growth. Further economic growth and a continued expansion in the housing and commercial building markets should keep revenues growing at a sound pace.

That said, in the coming year, legislative leaders and management will be facing a number of challenges including:

- The slowing Chinese economy, the negative impact of a stronger dollar on exports, and the volatility in the stock markets pose threats to the U.S. and Washington economies.
- Under legislation approved in 2012, and beginning with the 2013-15 biennium, Washington became the only state in the nation required to pass a budget that balances spending against anticipated revenue over a four year period.
- The courts have also made it clear that in addressing budget shortfalls the past six years, the state sometimes went too far in cutting services, such as for at-risk children and individuals with mental illness. Washington continues to address the requirements of the state Supreme Court 2012 McCleary ruling that found that the state has failed to meet its constitutional requirement to amply fund basic education. Although funding progress was made during the 2013-15 biennium, it was insufficient to satisfy the court.

**General Election.** There is a measure on the state's November 3, 2015, general election ballot that addresses state taxes. This measure would reduce the state retail sales tax by 1 percent unless the Legislature refers to voters a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes and legislative approval for fee increases. If passed, the measure could impact the state fiscally.

Election results are not final or official until certified. By law December 3, 2015, is the last day for the Office of the Secretary of State to certify General Election returns. Information is posted as available on the Secretary of State's website at: <http://www.sos.wa.gov>.

**Rainy Day Account.** In November 2007, Washington state voters ratified Engrossed Substitute Senate Joint Resolution 8206, amending the state's Constitution and establishing the Budget Stabilization Account (BSA). The

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, 2015, \$211.9 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. During fiscal year 2015, by three-fifths vote of each house, the Legislature appropriated \$77.2 million from the BSA solely for emergency fire service mobilization, fire suppression, and fire damage recovery costs. Additionally, the Legislature, also by three-fifths vote of each house, authorized the transfer from the BSA to the General Fund the amount attributable to extraordinary revenue growth, not to exceed \$50.0 million. The BSA had a fund balance of \$513.1 million as of June 30, 2015.

#### **The Guaranteed Education Tuition (GET) Program.**

The funded status of the GET Program increased during fiscal year 2015 reflecting lower assumed tuition growth in response to Engrossed Second Substitute Bill (E2SSB) 5954 which was signed into law by the Governor on July 6, 2015. E2SSB 5954 reduces tuition at all public institutions of higher learning during the fiscal years 2016 and 2017 and limits tuition growth in future years. In response to E2SSB 5954, the GET Program Committee authorized refunds of approximately \$75.0 million in amortization fees to account holders which was recognized as of June 30, 2015. The Committee also permitted account holders, upon request, to receive a refund of their contributions or a fixed payout value, whichever is greater, without the usual penalties, fees, or waiting period. The full extent of E2SSB 5954's impact on the Program cannot reasonably be estimated as of the date of these financial statements.

## **Requests for Information**

This financial report is designed to provide a general overview of the state of Washington's finances for all those with an interest in the government'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**

## Statement of Net Position

June 30, 2015

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Cash and pooled investments	\$ 6,208,919	\$ 4,788,138	\$ 10,997,057	\$ 201,985
Taxes receivable (net of allowance for uncollectibles)	3,566,252	-	3,566,252	-
Other receivables (net of allowance for uncollectibles)	2,133,349	1,694,183	3,827,532	156,261
Internal balances	128,004	(128,004)	-	-
Due from other governments	3,870,500	118,451	3,988,951	-
Inventories and prepaids	110,639	60,884	171,523	23,632
Restricted cash and investments	375,987	7,613	383,600	5,770
Restricted receivables, current	22,094	3,172	25,266	-
Investments, noncurrent	5,768,557	17,602,903	23,371,460	151,347
Restricted investments, noncurrent	-	63,277	63,277	21,842
Restricted receivables, noncurrent	2,262	-	2,262	-
Restricted net pension asset	1,624,791	379	1,625,170	-
Other assets	-	345,082	345,082	137,739
Capital assets:				
Non-depreciable assets	26,892,627	354,954	27,247,581	71,321
Depreciable assets (net of accumulated depreciation)	10,890,596	2,570,573	13,461,169	720,039
Total capital assets	37,783,223	2,925,527	40,708,750	791,360
<b>Total Assets</b>	61,594,577	27,481,605	89,076,182	1,489,936
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on hedging derivatives	5,008	-	5,008	422
Deferred outflows on refundings	4,776	30,263	35,039	6,435
Deferred outflows on pensions	471,489	52,523	524,012	60
<b>Total Deferred Outflows of Resources</b>	481,273	82,786	564,059	6,917
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 62,075,850	\$ 27,564,391	\$ 89,640,241	\$ 1,496,853

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

## Statement of Net Position

June 30, 2015

(expressed in thousands)

	Primary Government			Concluded
	Governmental	Business-Type	Total	Component Units
	Activities	Activities		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,386,564	\$ 171,495	\$ 1,558,059	\$ 88,156
Contracts and retainage payable	186,343	26,406	212,749	-
Accrued liabilities	1,867,539	522,338	2,389,877	115,980
Obligations under security lending agreements	143,201	144,305	287,506	-
Due to other governments	1,333,526	108,986	1,442,512	-
Unearned revenues	422,226	62,105	484,331	13,622
Long-term liabilities:				
Due within one year	1,533,506	2,350,163	3,883,669	18,379
Due in more than one year	28,925,118	27,752,827	56,677,945	428,207
<b>Total Liabilities</b>	35,798,023	31,138,625	66,936,648	664,344
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on refundings	173	248	421	-
Deferred inflows on pensions	1,943,983	157,369	2,101,352	1,566
<b>Total Deferred Inflows of Resources</b>	1,944,156	157,617	2,101,773	- 1,566
<b>NET POSITION</b>				
Net investment in capital assets	19,957,567	972,671	20,930,238	378,736
Restricted for:				
Unemployment compensation	-	4,240,486	4,240,486	-
Nonexpendable permanent endowments	2,326,331	-	2,326,331	-
Expendable endowment funds	1,250,545	-	1,250,545	-
Pensions	1,624,791	379	1,625,170	-
Wildlife and natural resources	932,384	-	932,384	-
Transportation	725,319	-	725,319	-
Budget stabilization	513,079	-	513,079	-
Higher education	226,187	-	226,187	-
Capital projects	1,883	-	1,883	-
Other purposes	719,862	-	719,862	19,779
Unrestricted	(3,944,277)	(8,945,387)	(12,889,664)	432,428
<b>Total Net Position</b>	24,333,671	(3,731,851)	20,601,820	830,943
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	\$ 62,075,850	\$ 27,564,391	\$ 89,640,241	\$ 1,496,853

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

**Statement of Activities**  
For the Fiscal Year Ended June 30, 2015  
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,986,904	\$ 886,577	\$ 249,961	\$ 5,984
Education - elementary and secondary (K-12)	9,426,361	21,434	1,076,055	-
Education - higher education	7,094,929	2,815,368	2,318,744	28,204
Human services	16,889,699	659,425	11,052,429	-
Adult corrections	955,748	7,847	1,605	-
Natural resources and recreation	1,334,991	455,311	194,809	25,231
Transportation	2,308,967	1,139,177	264,028	807,353
Interest on long-term debt	980,630	-	-	-
<b>Total Governmental Activities</b>	<b>40,978,229</b>	<b>5,985,139</b>	<b>15,157,631</b>	<b>866,772</b>
<b>Business-Type Activities:</b>				
Workers' compensation	3,018,472	2,375,268	7,905	-
Unemployment compensation	968,381	1,256,593	56,669	-
Higher education student services	2,313,539	2,216,414	11,807	104
Washington's lottery	466,120	603,200	-	-
Guaranteed education tuition program	(584,590)	53,100	-	-
Other	156,569	125,977	343	-
<b>Total Business-Type Activities</b>	<b>6,338,491</b>	<b>6,630,552</b>	<b>76,724</b>	<b>104</b>
<b>Total Primary Government</b>	<b>\$ 47,316,720</b>	<b>\$ 12,615,691</b>	<b>\$ 15,234,355</b>	<b>\$ 866,876</b>
<b>COMPONENT UNITS</b>				
Total Component Units	\$ 1,080,079	\$ 944,899	\$ 125,833	\$ -
	\$ 1,080,079	\$ 944,899	\$ 125,833	\$ -

**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**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (844,382)	\$ -	\$ (844,382)	
(8,328,872)	-	(8,328,872)	
(1,932,613)	-	(1,932,613)	
(5,177,845)	-	(5,177,845)	
(946,296)	-	(946,296)	
(659,640)	-	(659,640)	
(98,409)	-	(98,409)	
(980,630)	-	(980,630)	
<u>(18,968,687)</u>	<u>-</u>	<u>(18,968,687)</u>	
-	(635,299)	(635,299)	
-	344,881	344,881	
-	(85,214)	(85,214)	
-	137,080	137,080	
-	637,690	637,690	
-	(30,249)	(30,249)	
<u>-</u>	<u>368,889</u>	<u>368,889</u>	
<u>(18,968,687)</u>	<u>368,889</u>	<u>(18,599,798)</u>	
			\$ (9,347)
			<u>(9,347)</u>
9,000,790	-	9,000,790	-
3,393,679	-	3,393,679	-
2,018,393	-	2,018,393	18,132
1,253,179	-	1,253,179	-
926,550	19,847	946,397	-
474,183	-	474,183	-
455,112	-	455,112	-
555,976	-	555,976	-
54,483	-	54,483	-
<u>306,705</u>	<u>377,238</u>	<u>683,943</u>	<u>5,257</u>
<u>18,439,050</u>	<u>397,085</u>	<u>18,836,135</u>	<u>23,389</u>
(529,637)	765,974	236,337	14,042
65,419	-	65,419	-
<u>136,364</u>	<u>(136,364)</u>	<u>-</u>	<u>-</u>
(327,854)	629,610	301,756	14,042
<u>24,661,525</u>	<u>(4,361,461)</u>	<u>20,300,064</u>	<u>816,901</u>
<u>\$ 24,333,671</u>	<u>\$ (3,731,851)</u>	<u>\$ 20,601,820</u>	<u>\$ 830,943</u>

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**Basic Financial Statements**  
**Fund Financial Statements**

**Balance Sheet**  
**GOVERNMENTAL FUNDS**  
June 30, 2015  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>ASSETS</b>					
Cash and pooled investments	\$ 1,669,615	\$ 194,762	\$ 476,023	\$ 3,075,518	\$ 5,415,918
Investments	34,736	1,810,135	3,677,830	248,107	5,770,808
Taxes receivable (net of allowance)	3,393,471	10,879	-	161,902	3,566,252
Other receivables (net of allowance)	174,954	1,047,060	45,952	845,160	2,113,126
Due from other funds	254,788	269,825	61	320,655	845,329
Due from other governments	1,028,195	248,541	-	2,459,842	3,736,578
Inventories and prepaids	13,644	15,122	-	52,748	81,514
Restricted cash and investments	51,362	1,207	-	240,786	293,355
Restricted receivables	509	4,780	-	5,385	10,674
<b>Total Assets</b>	<b>6,621,274</b>	<b>3,602,311</b>	<b>4,199,866</b>	<b>7,410,103</b>	<b>21,833,554</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows on hedging derivatives	-	-	-	5,008	5,008
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,008</b>	<b>5,008</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,621,274</b>	<b>\$ 3,602,311</b>	<b>\$ 4,199,866</b>	<b>\$ 7,415,111</b>	<b>\$ 21,838,562</b>
<b>RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 807,023	\$ 75,748	\$ 34,074	\$ 421,549	\$ 1,338,394
Contracts and retainages payable	50,576	4,513	3,293	126,359	184,741
Accrued liabilities	241,105	417,117	673,370	77,309	1,408,901
Obligations under security lending agreements	77,442	829	225	58,053	136,549
Due to other funds	183,462	52,551	4,524	501,832	742,369
Due to other governments	993,345	11,103	-	208,793	1,213,241
Unearned revenue	142,414	202,079	-	75,167	419,660
Claims and judgments payable	29,303	-	-	58,070	87,373
<b>Total Liabilities</b>	<b>2,524,670</b>	<b>763,940</b>	<b>715,486</b>	<b>1,527,132</b>	<b>5,531,228</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	1,431,185	9,631	17,962	150,554	1,609,332
<b>Total Deferred Inflows of Resources</b>	<b>1,431,185</b>	<b>9,631</b>	<b>17,962</b>	<b>150,554</b>	<b>1,609,332</b>
<b>FUND BALANCES</b>					
Nonspendable fund balance	47,353	46,258	2,194,618	246,697	2,534,926
Restricted fund balance	533,279	606	1,271,800	2,563,574	4,369,259
Committed fund balance	105,667	2,765,816	-	3,094,510	5,965,993
Assigned fund balance	1,014,952	16,060	-	-	1,031,012
Unassigned fund balance	964,168	-	-	(167,356)	796,812
<b>Total Fund Balances</b>	<b>2,665,419</b>	<b>2,828,740</b>	<b>3,466,418</b>	<b>5,737,425</b>	<b>14,698,002</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,621,274</b>	<b>\$ 3,602,311</b>	<b>\$ 4,199,866</b>	<b>\$ 7,415,111</b>	<b>\$ 21,838,562</b>

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, 2015

*(expressed in thousands)*

**Total Fund Balances for Governmental Funds** \$ 14,698,002

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	\$ 26,855,466	
Depreciable assets	18,957,753	
Less: Accumulated depreciation	<u>(8,805,938)</u>	
Total capital assets		37,007,281

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. 1,624,791

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. 1,609,332

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. 457,090

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. (1,883,765)

Unmatured interest on general obligation bonds is not recognized in the funds until due. (391,301)

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. (260,750)

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	\$ (21,736,515)	
Accreted interest on bonds	(471,951)	
Compensated absences	(517,444)	
Other postemployment benefits obligations	(2,002,153)	
Net pension liability	(2,907,783)	
Pollution remediation obligations	(169,698)	
Unclaimed property	(130,656)	
Claims and judgments	(41,020)	
Other obligations	<u>(549,789)</u>	
Total long-term liabilities		<u>(28,527,009)</u>

**Net Position of Governmental Activities** **\$ 24,333,671**

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, 2015  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Retail sales and use taxes	\$ 8,903,396	\$ -	\$ -	\$ 97,394	\$ 9,000,790
Business and occupation taxes	3,388,542	-	-	5,137	3,393,679
Property taxes	2,018,393	-	-	-	2,018,393
Excise taxes	787,226	32,994	-	106,330	926,550
Motor vehicle and fuel taxes	-	-	-	1,253,179	1,253,179
Other taxes	1,928,356	171,801	-	276,798	2,376,955
Licenses, permits, and fees	115,400	937	-	1,543,323	1,659,660
Other contracts and grants	181,802	865,920	-	264,915	1,312,637
Timber sales	1,654	-	24,830	101,323	127,807
Federal grants-in-aid	12,052,763	1,448,517	-	1,210,486	14,711,766
Charges for services	55,822	2,587,387	1	625,627	3,268,837
Investment income (loss)	7,665	39,308	195,535	64,197	306,705
Miscellaneous revenue	287,529	99,759	3,128	530,033	920,449
Contributions and donations	-	-	65,419	-	65,419
Unclaimed property	55,885	-	-	-	55,885
<b>Total Revenues</b>	<b>29,784,433</b>	<b>5,246,623</b>	<b>288,913</b>	<b>6,078,742</b>	<b>41,398,711</b>
<b>EXPENDITURES</b>					
Current:					
General government	845,562	-	125	484,435	1,330,122
Human services	16,794,009	-	-	772,392	17,566,401
Natural resources and recreation	444,989	-	-	794,131	1,239,120
Transportation	37,362	-	-	1,845,512	1,882,874
Education	10,176,508	5,154,442	4,285	579,556	15,914,791
Intergovernmental	116,841	-	-	348,423	465,264
Capital outlays	52,223	203,603	18,884	1,972,779	2,247,489
Debt service:					
Principal	7,676	21,417	-	915,208	944,301
Interest	1,359	12,645	-	968,130	982,134
<b>Total Expenditures</b>	<b>28,476,529</b>	<b>5,392,107</b>	<b>23,294</b>	<b>8,680,566</b>	<b>42,572,496</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,307,904</b>	<b>(145,484)</b>	<b>265,619</b>	<b>(2,601,824)</b>	<b>(1,173,785)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	186,887	85,851	-	939,352	1,212,090
Refunding bonds issued	-	-	-	2,610,505	2,610,505
Payments to escrow agents for refunded bond debt	-	-	-	(3,127,361)	(3,127,361)
Issuance premiums	5,351	2,281	-	664,665	672,297
Other debt issued	7,129	20,553	-	3,642	31,324
Transfers in	465,587	1,308,765	499,976	2,787,616	5,061,944
Transfers out	(1,118,524)	(1,145,904)	(684,820)	(1,988,019)	(4,937,267)
<b>Total Other Financing Sources (Uses)</b>	<b>(453,570)</b>	<b>271,546</b>	<b>(184,844)</b>	<b>1,890,400</b>	<b>1,523,532</b>
<b>Net Change in Fund Balances</b>	<b>854,334</b>	<b>126,062</b>	<b>80,775</b>	<b>(711,424)</b>	<b>349,747</b>
<b>Fund Balances - Beginning, as restated</b>	<b>1,811,085</b>	<b>2,702,678</b>	<b>3,385,643</b>	<b>6,448,849</b>	<b>14,348,255</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,665,419</b>	<b>\$ 2,828,740</b>	<b>\$ 3,466,418</b>	<b>\$ 5,737,425</b>	<b>\$ 14,698,002</b>

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, 2015

*(expressed in thousands)*

**Net Change in Fund Balances - Total Governmental Funds** \$ 349,747

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	\$ 1,884,932	
Less: Depreciation expense	<u>(597,939)</u>	1,286,993

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.

(849,012)

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.

(339,539)

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	\$ (4,479,476)	
Principal payments on bonds and other financing contracts	3,745,918	
Accreted interest on bonds	<u>(56,015)</u>	(789,573)

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	\$ (3,693)	
Other postemployment benefits	(369,673)	
Pensions	514,041	
Pollution remediation	(4,859)	
Claims and judgments	(2,011)	
Accrued interest	11,011	
Unclaimed property	(29,878)	
Other obligations	<u>(101,408)</u>	13,530

**Change in Net Position of Governmental Activities** \$ (327,854)

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

**Statement of Net Position**  
**PROPRIETARY FUNDS**  
June 30, 2015  
*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 74,518	\$ 3,675,155	\$ 744,379	\$ 11,109
Investments	68,487	-	20,430	75,818
Other receivables (net of allowance)	788,643	601,276	230,789	53,639
Due from other funds	106	18,044	18,519	2
Due from other governments	1,085	33,698	64,125	-
Inventories	233	-	39,506	-
Prepaid expenses	2,071	-	10,160	-
Restricted cash and investments	738	-	6,875	-
Restricted receivables	-	-	3,172	-
<b>Total Current Assets</b>	<b>935,881</b>	<b>4,328,173</b>	<b>1,137,955</b>	<b>140,568</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	14,634,116	-	185,750	2,653,039
Restricted investments, noncurrent	1,938	-	61,339	-
Restricted receivables, noncurrent	-	-	-	-
Restricted net pension asset	-	-	379	-
Other noncurrent assets	3,284	-	133,036	208,757
Capital assets:				
Land and other non-depreciable assets	3,240	-	57,424	-
Buildings	65,134	-	3,186,276	-
Other improvements	1,289	-	94,643	-
Furnishings, equipment, and intangibles	98,924	-	582,740	106
Infrastructure	-	-	42,646	-
Accumulated depreciation	(108,124)	-	(1,415,745)	(91)
Construction in progress	11,183	-	281,567	-
<b>Total Noncurrent Assets</b>	<b>14,710,984</b>	<b>-</b>	<b>3,210,055</b>	<b>2,861,811</b>
<b>Total Assets</b>	<b>15,646,865</b>	<b>4,328,173</b>	<b>4,348,010</b>	<b>3,002,379</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on refundings	-	-	30,263	-
Deferred outflows on pensions	14,868	-	33,297	151
<b>Total Deferred Outflows of Resources</b>	<b>14,868</b>	<b>-</b>	<b>63,560</b>	<b>151</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 15,661,733</b>	<b>\$ 4,328,173</b>	<b>\$ 4,411,570</b>	<b>\$ 3,002,530</b>

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

Continued

<b>Nonmajor Enterprise Funds</b>		<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 94,850	\$ 4,600,011	\$ 742,273	
23,392	188,127	12,827	
19,836	1,694,183	19,432	
13,376	50,047	77,344	
5,116	104,024	28,379	
8,500	48,239	17,645	
414	12,645	11,481	
-	7,613	82,632	
-	3,172	11,420	
<b>165,484</b>	<b>6,708,061</b>	<b>1,003,433</b>	
129,998	17,602,903	35,649	
-	63,277	-	
-	-	2,262	
-	379	-	
5	345,082	791	
1,540	62,204	6,212	
12,828	3,264,238	507,594	
2,557	98,489	16,215	
32,337	714,107	903,123	
-	42,646	1,968	
(24,947)	(1,548,907)	(690,119)	
-	292,750	30,949	
<b>154,318</b>	<b>20,937,168</b>	<b>814,644</b>	
<b>319,802</b>	<b>27,645,229</b>	<b>1,818,077</b>	
-	30,263	-	
4,207	52,523	19,175	
<b>4,207</b>	<b>82,786</b>	<b>19,175</b>	
<b>\$ 324,009</b>	<b>\$ 27,728,015</b>	<b>\$ 1,837,252</b>	

**Statement of Net Position**  
**PROPRIETARY FUNDS**  
June 30, 2015  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 8,851	\$ -	\$ 148,554	\$ 408
Contracts and retainages payable	9,377	56	16,475	220,000
Accrued liabilities	212,913	-	249,760	63,651
Obligations under security lending agreements	68,487	-	-	75,818
Bonds and notes payable	4,050	-	95,483	-
Due to other funds	6,769	2,989	154,519	318
Due to other governments	4	84,642	4	-
Unearned revenue	7,022	-	55,079	-
Claims and judgments payable	1,959,663	-	-	-
<b>Total Current Liabilities</b>	<b>2,277,136</b>	<b>87,687</b>	<b>719,874</b>	<b>360,195</b>
<b>Noncurrent Liabilities:</b>				
Claims and judgments payable	23,106,486	-	-	-
Bonds and notes payable	-	-	1,945,135	-
Net pension liability	102,264	-	227,675	956
Other long-term liabilities	52,033	-	318,215	1,822,487
<b>Total Noncurrent Liabilities</b>	<b>23,260,783</b>	<b>-</b>	<b>2,491,025</b>	<b>1,823,443</b>
<b>Total Liabilities</b>	<b>25,537,919</b>	<b>87,687</b>	<b>3,210,899</b>	<b>2,183,638</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on refundings	-	-	248	-
Deferred inflows on pensions	43,615	-	99,470	424
<b>Total Deferred Inflows of Resources</b>	<b>43,615</b>	<b>-</b>	<b>99,718</b>	<b>424</b>
<b>NET POSITION</b>				
Net investment in capital assets	67,595	-	886,269	15
Restricted for:				
Unemployment compensation	-	4,240,486	-	-
Pensions	-	-	379	-
Unrestricted	(9,987,396)	-	214,305	818,453
<b>Total Net Position</b>	<b>(9,919,801)</b>	<b>4,240,486</b>	<b>1,100,953</b>	<b>818,468</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 15,661,733</b>	<b>\$ 4,328,173</b>	<b>\$ 4,411,570</b>	<b>\$ 3,002,530</b>

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

Concluded

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 13,682	\$ 171,495	\$ 48,170	
497	246,405	1,601	
61,953	588,277	77,509	
-	144,305	6,652	
460	99,993	92,295	
17,129	181,724	48,545	
6,234	90,884	18,538	
4	62,105	2,566	
4,571	1,964,234	204,807	
<b>104,530</b>	<b>3,549,422</b>	<b>500,683</b>	
9,784	23,116,270	530,929	
5,065	1,950,200	468,688	
32,081	362,976	389,519	
130,646	2,323,381	147,792	
<b>177,576</b>	<b>27,752,827</b>	<b>1,536,928</b>	
<b>282,106</b>	<b>31,302,249</b>	<b>2,037,611</b>	
-	248	173	
13,860	157,369	60,218	
<b>13,860</b>	<b>157,617</b>	<b>60,391</b>	
18,792	972,671	266,879	
-	4,240,486	-	
-	379	-	
9,251	(8,945,387)	(527,629)	
<b>28,043</b>	<b>(3,731,851)</b>	<b>(260,750)</b>	
<b>\$ 324,009</b>	<b>\$ 27,728,015</b>	<b>\$ 1,837,252</b>	

**Statement of Revenues, Expenses, and Changes in Net Position**  
**PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2015

*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers'	Unemployment	Higher Education	Guaranteed
	Compensation	Compensation	Student Services	Education
				Tuition Program
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ -	\$ 98,484	\$ -
Less: Cost of goods sold	-	-	(63,467)	-
Gross profit	-	-	35,017	-
Charges for services	9	-	1,949,525	52,804
Premiums and assessments	2,337,483	1,240,601	-	-
Lottery ticket proceeds	-	-	-	-
Federal aid for unemployment insurance benefits	-	56,669	-	-
Miscellaneous revenue	37,944	15,992	168,441	296
<b>Total Operating Revenues</b>	<b>2,375,436</b>	<b>1,313,262</b>	<b>2,152,983</b>	<b>53,100</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	150,278	-	776,563	2,799
Employee benefits	55,397	-	195,130	634
Personal services	11,304	-	4,125	1,134
Goods and services	82,416	-	953,679	888
Travel	4,145	-	26,138	56
Premiums and claims	2,666,452	968,381	-	-
Guaranteed education tuition program expense	-	-	-	(590,103)
Lottery prize payments	-	-	-	-
Depreciation and amortization	7,184	-	154,028	2
Miscellaneous expenses	41,041	-	21,958	-
<b>Total Operating Expenses</b>	<b>3,018,217</b>	<b>968,381</b>	<b>2,131,621</b>	<b>(584,590)</b>
<b>Operating Income (Loss)</b>	<b>(642,781)</b>	<b>344,881</b>	<b>21,362</b>	<b>637,690</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings (loss) on investments	234,324	80,566	36,294	20,997
Interest expense	(255)	-	(118,451)	-
Tax and license revenue	104	-	-	-
Other revenues (expenses)	7,737	-	11,771	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>241,910</b>	<b>80,566</b>	<b>(70,386)</b>	<b>20,997</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(400,871)</b>	<b>425,447</b>	<b>(49,024)</b>	<b>658,687</b>
Capital contributions	-	-	104	-
Transfers in	-	-	400,955	-
Transfers out	-	-	(393,563)	-
<b>Net Contributions and Transfers</b>	<b>-</b>	<b>-</b>	<b>7,496</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(400,871)</b>	<b>425,447</b>	<b>(41,528)</b>	<b>658,687</b>
<b>Net Position - Beginning, as restated</b>	<b>(9,518,930)</b>	<b>3,815,039</b>	<b>1,142,481</b>	<b>159,781</b>
<b>Net Position - Ending</b>	<b>\$ (9,919,801)</b>	<b>\$ 4,240,486</b>	<b>\$ 1,100,953</b>	<b>\$ 818,468</b>

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

<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 89,331	\$ 187,815	\$ 45,481	
(61,547)	(125,014)	(39,763)	
<u>27,784</u>	<u>62,801</u>	<u>5,718</u>	
35,071	2,037,409	622,304	
739	3,578,823	1,206,815	
600,348	600,348	-	
-	56,669	-	
<u>3,776</u>	<u>226,449</u>	<u>156,197</u>	
<u>667,718</u>	<u>6,562,499</u>	<u>1,991,034</u>	
51,929	981,569	299,838	
18,666	269,827	139,818	
18,596	35,159	27,686	
94,600	1,131,583	329,136	
1,795	32,134	4,547	
-	3,634,833	1,441,912	
-	(590,103)	-	
365,930	365,930	-	
1,355	162,569	97,150	
<u>417</u>	<u>63,416</u>	<u>855</u>	
<u>553,288</u>	<u>6,086,917</u>	<u>2,340,942</u>	
<u>114,430</u>	<u>475,582</u>	<u>(349,908)</u>	
5,057	377,238	16,747	
(7,854)	(126,560)	(27,389)	
19,743	19,847	25	
<u>255</u>	<u>19,763</u>	<u>1,047</u>	
<u>17,201</u>	<u>290,288</u>	<u>(9,570)</u>	
<u>131,631</u>	<u>765,870</u>	<u>(359,478)</u>	
-	104	8,252	
12,804	413,759	55,977	
<u>(156,560)</u>	<u>(550,123)</u>	<u>(44,290)</u>	
<u>(143,756)</u>	<u>(136,260)</u>	<u>19,939</u>	
(12,125)	629,610	(339,539)	
<u>40,168</u>	<u>(4,361,461)</u>	<u>78,789</u>	
<u>\$ 28,043</u>	<u>\$ (3,731,851)</u>	<u>\$ (260,750)</u>	

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015  
*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,103,172	\$ 1,264,467	\$ 2,031,089	\$ 67,805
Payments to suppliers	(1,942,454)	(982,641)	(1,494,612)	(77,615)
Payments to employees	(198,922)	-	(931,482)	(3,265)
Other receipts	37,945	105,647	168,441	296
Net Cash Provided (Used) by Operating Activities	(259)	387,473	(226,564)	(12,779)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	400,955	-
Transfers out	-	-	(393,563)	-
Operating grants and donations received	7,733	-	6,261	-
Taxes and license fees collected	104	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	7,837	-	13,653	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid	(325)	-	(71,168)	-
Principal payments on long-term capital financing	(3,820)	-	(386,423)	-
Proceeds from long-term capital financing	-	-	409,553	-
Proceeds from sale of capital assets	3	-	18,330	-
Acquisitions of capital assets	(12,348)	-	(240,397)	(16)
Net Cash Provided (Used) by Capital and Related Financing Activities	(16,490)	-	(270,105)	(16)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest	563,851	80,566	38,730	129,076
Proceeds from sale of investment securities	5,208,230	-	19,333	726,024
Purchases of investment securities	(5,770,404)	-	(8,663)	(832,244)
Net Cash Provided (Used) by Investing Activities	1,677	80,566	49,400	22,856
Net Increase (Decrease) in Cash and Pooled Investments	(7,235)	468,039	(433,616)	10,061
Cash and Pooled Investments, July 1, as restated	82,491	3,207,116	1,184,870	1,048
Cash and Pooled Investments, June 30	\$ 75,256	\$ 3,675,155	\$ 751,254	\$ 11,109
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (642,781)	\$ 344,881	\$ 21,362	\$ 637,690
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>				
Depreciation	7,184	-	154,028	2
Revenue reduced for uncollectible accounts	37,132	-	1,268	-
<b>Change in Assets: Decrease (Increase)</b>				
Receivables	(234,621)	56,852	(15,803)	15,002
Inventories	71	-	1,918	-
Prepaid expenses	(1,836)	-	4,269	-
<b>Change in Deferred Outflows of Resources: Increase (Decrease)</b>				
	(1,670)	-	(3,595)	(26)
<b>Change in Liabilities: Increase (Decrease)</b>				
Payables	792,647	(14,260)	(489,481)	(665,871)
<b>Change in Deferred Inflows of Resources: Decrease (Increase)</b>				
	43,615	-	99,470	424
<b>Net Cash or Cash Equivalents Provided by (Used in) Operating Activities</b>	<b>\$ (259)</b>	<b>\$ 387,473</b>	<b>\$ (226,564)</b>	<b>\$ (12,779)</b>

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

Continued

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 723,383	\$ 6,189,916	\$ 2,112,342	
(562,665)	(5,059,987)	(1,864,171)	
(68,337)	(1,202,006)	(415,681)	
3,794	316,123	163,453	
96,175	244,046	(4,057)	
12,804	413,759	55,977	
(156,560)	(550,123)	(44,290)	
342	14,336	715	
19,743	19,847	25	
(123,671)	(102,181)	12,427	
(248)	(71,741)	(22,985)	
(442)	(390,685)	(42,051)	
-	409,553	38,602	
115	18,448	8,598	
(3,824)	(256,585)	(123,888)	
(4,399)	(291,010)	(141,724)	
49	812,272	15,768	
28,406	5,981,993	4,014	
(4,969)	(6,616,280)	(16,640)	
23,486	177,985	3,142	
(8,409)	28,840	(130,212)	
103,259	4,578,784	955,117	
\$ 94,850	\$ 4,607,624	\$ 824,905	
\$ 114,430	\$ 475,582	\$ (349,908)	
1,355	162,569	97,150	
28	38,428	115	
(1,500)	(180,070)	3,041	
(1,129)	860	1,951	
(199)	2,234	(6,493)	
(45)	(5,336)	(953)	
(30,625)	(407,590)	190,822	
13,860	157,369	60,218	
\$ 96,175	\$ 244,046	\$ (4,057)	

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2015  
*(expressed in thousands)*

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ -	\$ 104	\$ -
Amortization of annuity prize liability	-	-	-	-
Increase (decrease) in fair value of investments	(334,987)	-	791	(106,493)
Debt refunding deposited with escrow agent	-	-	369,655	-
Amortization of debt premium/discount	-	-	48,721	-
Increase in ownership of joint venture	-	-	5,019	-

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

Concluded

		<b>Governmental Activities</b>	
<b>Nonmajor Enterprise Funds</b>		<b>Total</b>	<b>Internal Service Funds</b>
\$	-	\$ 104	\$ 8,252
	7,606	7,606	-
	5,008	(435,681)	523
	-	369,655	-
	-	48,721	-
	-	5,019	-

**Statement of Net Position**  
**FIDUCIARY FUNDS**  
June 30, 2015  
*(expressed in thousands)*

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 1,885	\$ 4,393,750	\$ 45,636	\$ 73,387
Investments	-	4,152,692	-	2,521
Receivables, pension and other employee benefit plans:				
Employers	-	-	175,763	-
Members (net of allowance)	-	-	3,755	-
Interest and dividends	-	-	230,144	-
Investment trades pending	-	-	2,183,841	-
Due from other pension and other employee benefit funds	-	-	51,091	-
Other receivables, all other funds	-	699	137	8,679
Due from other governments	-	-	-	18,057
<b>Total Current Assets</b>	<b>1,885</b>	<b>8,547,141</b>	<b>2,690,367</b>	<b>102,644</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	37,594,459	-
Fixed income	-	-	17,858,971	-
Private equity	-	-	18,457,130	-
Real estate	-	-	11,967,076	-
Security lending	-	-	843,059	-
Liquidity	-	-	2,121,885	-
Tangible assets	-	-	1,631,483	-
Investments, noncurrent, all other funds	1,210	791,433	-	212
Other noncurrent assets	-	-	-	58,957
Capital assets:				
Furnishings, equipment, and intangibles	37	-	-	-
Accumulated depreciation	(23)	-	-	-
<b>Total Noncurrent Assets</b>	<b>1,224</b>	<b>791,433</b>	<b>90,474,063</b>	<b>59,169</b>
<b>Total Assets</b>	<b>3,109</b>	<b>9,338,574</b>	<b>93,164,430</b>	<b>\$ 161,813</b>
<b>LIABILITIES</b>				
Accounts payable	99	-	-	\$ 7,518
Contracts and retainages payable	-	-	-	29,893
Accrued liabilities	95	648,147	2,599,629	44,935
Obligations under security lending agreements	-	-	845,247	2,521
Due to other funds	-	82	-	-
Due to other pension and other employee benefit funds	-	-	51,091	-
Due to other governments	-	34,236	-	17,989
Unearned revenue	-	-	1,026	-
Other long-term liabilities	-	-	-	58,957
<b>Total Liabilities</b>	<b>194</b>	<b>682,465</b>	<b>3,496,993</b>	<b>\$ 161,813</b>
<b>NET POSITION</b>				
Net position restricted for:				
Pensions	-	-	86,055,159	
Deferred compensation participants	-	-	3,612,278	
Local government pool participants	-	8,656,109	-	
Individuals, organizations, and other governments	2,915	-	-	
<b>Total Net Position</b>	<b>\$ 2,915</b>	<b>\$ 8,656,109</b>	<b>\$ 89,667,437</b>	

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, 2015  
*(expressed in thousands)*

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
<b>ADDITIONS</b>			
Contributions:			
Employers	\$ -	\$ -	\$ 1,612,035
Members	-	-	1,146,532
State	-	-	74,842
Participants	-	13,328,959	208,424
<b>Total Contributions</b>	<b>-</b>	<b>13,328,959</b>	<b>3,041,833</b>
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	2,221,532
Interest and dividends	-	10,820	1,831,285
Earnings on investments	-	124	-
Less: Investment expenses	-	-	(317,747)
<b>Net Investment Income (Loss)</b>	<b>-</b>	<b>10,944</b>	<b>3,735,070</b>
Other Additions:			
Unclaimed property	67,940	-	-
Transfers from other plans	-	-	4,754
Miscellaneous revenue	5	-	13
<b>Total Other Additions</b>	<b>67,945</b>	<b>-</b>	<b>4,767</b>
<b>Total Additions</b>	<b>67,945</b>	<b>13,339,903</b>	<b>6,781,670</b>
<b>DEDUCTIONS</b>			
Pension benefits	-	-	3,662,210
Pension refunds	-	-	506,393
Transfers to other plans	-	-	4,754
Administrative expenses	4,277	940	2,431
Distributions to participants	-	13,343,861	225,333
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	63,139	-	-
<b>Total Deductions</b>	<b>67,416</b>	<b>13,344,801</b>	<b>4,401,121</b>
<b>Net Increase (Decrease)</b>	<b>529</b>	<b>(4,898)</b>	<b>2,380,549</b>
<b>Net Position - Beginning</b>	<b>2,386</b>	<b>8,661,007</b>	<b>87,286,888</b>
<b>Net Position - Ending</b>	<b>\$ 2,915</b>	<b>\$ 8,656,109</b>	<b>\$ 89,667,437</b>

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

**Statement of Net Position**  
**COMPONENT UNITS**  
June 30, 2015  
*(expressed in thousands)*

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 7,747	\$ 8,171	\$ 53,431	\$ 12,783
Investments	-	-	22,526	1,029
Investments, restricted	4,848	-	-	922
Other receivables (net of allowance)	872	21,749	74,242	53,796
Inventories	-	-	4,781	5,346
Prepaid expenses	23	1,055	6,399	5,746
<b>Total Current Assets</b>	<b>13,490</b>	<b>30,975</b>	<b>161,379</b>	<b>79,622</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	-	-	106,580	44,767
Restricted investments, noncurrent	2,590	-	17,384	1,868
Other noncurrent assets	-	-	-	3,682
<b>Capital assets:</b>				
Land	34,677	-	13,414	10,817
Buildings	460,637	-	423,194	132,851
Other improvements	-	637	18,490	26,801
Furnishings, equipment and intangible assets	19,423	45,400	231,453	207,110
Accumulated depreciation	(218,134)	(23,195)	(341,794)	(262,986)
Construction in progress	-	-	9,271	3,142
<b>Total Noncurrent Assets</b>	<b>299,193</b>	<b>22,842</b>	<b>477,992</b>	<b>168,052</b>
<b>Total Assets</b>	<b>312,683</b>	<b>53,817</b>	<b>639,371</b>	<b>247,674</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on hedging derivatives	-	-	-	-
Deferred outflows on refundings	-	-	-	6,435
Deferred outflows on pensions	23	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>6,435</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 312,706</b>	<b>\$ 53,817</b>	<b>\$ 639,371</b>	<b>\$ 254,109</b>

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

Continued

<b>Nonmajor Component</b>			
<b>Units</b>		<b>Total</b>	
\$ 38,762		\$ 120,894	
57,536		81,091	
-		5,770	
5,602		156,261	
-		10,127	
282		13,505	
<hr/>		<hr/>	
102,182		387,648	
<hr/>		<hr/>	
-		151,347	
-		21,842	
134,057		137,739	
<hr/>		<hr/>	
-		58,908	
-		1,016,682	
-		45,928	
1,783		505,169	
(1,631)		(847,740)	
-		12,413	
<hr/>		<hr/>	
134,209		1,102,288	
<hr/>		<hr/>	
236,391		1,489,936	
<hr/>		<hr/>	
422		422	
-		6,435	
37		60	
<hr/>		<hr/>	
459		6,917	
<hr/>		<hr/>	
\$ 236,850		\$ 1,496,853	
<hr/>		<hr/>	

**Statement of Net Position**  
**COMPONENT UNITS**

June 30, 2015

(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 30	\$ 20,966	\$ 16,800	\$ 11,473
Contracts and retainages payable	592	2,348	-	407
Accrued liabilities	4,275	7,661	80,163	37,988
Unearned revenue	-	-	-	-
<b>Total Current Liabilities</b>	<b>4,897</b>	<b>30,975</b>	<b>96,963</b>	<b>49,868</b>
<b>Noncurrent Liabilities:</b>				
Net pension liability	61	-	-	-
Other long-term liabilities	3,700	-	312,398	108,691
<b>Total Noncurrent Liabilities</b>	<b>3,761</b>	<b>-</b>	<b>312,398</b>	<b>108,691</b>
<b>Total Liabilities</b>	<b>8,658</b>	<b>30,975</b>	<b>409,361</b>	<b>158,559</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	64	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	288,709	22,842	33,169	33,864
Restricted for deferred sales tax	8,282	-	-	-
Restricted for other purposes	-	-	8,012	2,402
Unrestricted	6,993	-	188,829	59,284
<b>Total Net Position</b>	<b>303,984</b>	<b>22,842</b>	<b>230,010</b>	<b>95,550</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 312,706</b>	<b>\$ 53,817</b>	<b>\$ 639,371</b>	<b>\$ 254,109</b>

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

		Concluded	
<b>Nonmajor Component</b>			
<b>Units</b>		<b>Total</b>	
\$ 38,718		\$ 87,987	
-		3,347	
1,094		131,181	
13,622		13,622	
<u>53,434</u>		<u>236,137</u>	
3,357		3,418	
-		424,789	
<u>3,357</u>		<u>428,207</u>	
<u>56,791</u>		<u>664,344</u>	
<u>1,502</u>		<u>1,566</u>	
<u>1,502</u>		<u>1,566</u>	
152		378,736	
-		8,282	
1,083		11,497	
177,322		432,428	
<u>178,557</u>		<u>830,943</u>	
<u>\$ 236,850</u>		<u>\$ 1,496,853</u>	

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

For the Fiscal Year Ended June 30, 2015  
*(expressed in thousands)*

	<b>Public Stadium</b>	<b>Health Benefit Exchange</b>	<b>Valley Medical Center</b>	<b>Northwest Hospital</b>
<b>EXPENSES</b>	\$ 16,384	\$ 129,734	\$ 531,206	\$ 379,269
<b>PROGRAM REVENUES</b>				
Charges for services	3,517	7,167	525,288	359,488
Operating grants and contributions	-	108,180	-	11,947
<b>Total Program Revenues</b>	<b>3,517</b>	<b>115,347</b>	<b>525,288</b>	<b>371,435</b>
<b>Net Program Revenues (Expense)</b>	<b>(12,867)</b>	<b>(14,387)</b>	<b>(5,918)</b>	<b>(7,834)</b>
<b>GENERAL REVENUES</b>				
Earnings (loss) on investments	129	-	3,403	986
Property taxes	-	-	18,132	-
<b>Total General Revenues</b>	<b>129</b>	<b>-</b>	<b>21,535</b>	<b>986</b>
<b>Change in Net Position</b>	<b>(12,738)</b>	<b>(14,387)</b>	<b>15,617</b>	<b>(6,848)</b>
<b>Net Position - Beginning, as restated</b>	<b>316,722</b>	<b>37,229</b>	<b>214,393</b>	<b>102,398</b>
<b>Net Position - Ending</b>	<b>\$ 303,984</b>	<b>\$ 22,842</b>	<b>\$ 230,010</b>	<b>\$ 95,550</b>

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

<b>Nonmajor</b>		
<b>Component Units</b>		<b>Total</b>
<u>\$</u>	<u>23,486</u>	<u>\$ 1,080,079</u>
	49,439	944,899
	<u>5,706</u>	<u>125,833</u>
	55,145	1,070,732
	<u>31,659</u>	<u>(9,347)</u>
	739	5,257
	<u>-</u>	<u>18,132</u>
	739	23,389
	32,398	14,042
	<u>146,159</u>	<u>816,901</u>
<u>\$</u>	<u>178,557</u>	<u>\$ 830,943</u>

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## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2015

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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 resides 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, 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 the Department of Retirement Systems is appointed by the Governor.

There are three additional retirement systems administered outside of the Department of Retirement Systems. 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 Defined Benefit 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.** The Tobacco Settlement Authority (TSA) 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.

**Association of University Physicians.** The 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.** The UW Medicine Neighborhood Clinics (Neighborhood Clinics) were established for the exclusive benefit of the University's School of Medicine, UWP and its affiliated medical centers, Harborview Medical Center, and the University of Washington Medical Center. The 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** were formed to acquire, construct, or renovate certain real properties for the benefit of the University of Washington in fulfilling its educational, medical, or scientific research missions.

**Tumwater Office Properties 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.

### **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 authorities. The state also has the ability to influence the operations of the authorities through legislation.

The state's component units each have a year-end of June 30 with the exception of the Washington Economic Development Finance Authority and the Washington Health Benefit Exchange which have 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 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  
PO Box 40935  
Olympia, WA 98504-0935

Washington State Housing Finance Commission  
Washington Higher Education Facilities Authority  
Washington Economic Development Finance Authority  
1000 Second Avenue, Suite 2700  
Seattle, WA 98104-1046

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. PSA capital assets, net of accumulated depreciation, total \$296.6 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 is to be 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  
Olympia, WA 98501

**Northwest Hospital** was created January 1, 2010, under an affiliation agreement between UW Medicine and Northwest Hospital and Medical Center (Northwest Hospital). UW Medicine is an academic medical center comprised of UW School of Medicine, UW Neighborhood Clinics, UW Medical Center, Harborview Medical Center, Association of University Physicians, as well as the University's membership in the Seattle Cancer Care Alliance and the Children's University Medical Group.

Northwest Hospital is a 281-bed full service acute care hospital. The University is the sole corporate member of Northwest Hospital. Financial reports of Northwest Hospital may be obtained at the following address:

Northwest Hospital  
1550 N. 115th Street  
Seattle, WA 98133-9733

**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

### 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 SCCA under the equity method of accounting. Income of \$5.0 million was recorded in fiscal year 2015, bringing the total equity investment to \$107.7 million which is recognized in the state's financial statements in the Higher Education Student Services Fund.

Separate financial statements for 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, charitable, educational, and scientific missions.

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**

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### **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 are also considered program revenues.

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 642 accounts that are combined into 51 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.

- **Guaranteed Education Tuition Program Fund** accounts for Washington's Guaranteed Education Tuition (GET) Program. GET is a qualified tuition program under Section 529 of the Internal Revenue Code.

The state includes the following governmental and proprietary fund types within nonmajor funds:

### Nonmajor Governmental Funds:

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or 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, and other activities.

- **Internal Service Funds** account for the provision of legal, motor pool, data processing, risk management, health insurance, and other services by one department or agency to other departments or agencies of the state on a cost-reimbursement basis.

The state reports the following 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 Fund** accounts for the external portion of the Local Government Investment Pool, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Fund** is 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**

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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 and current liabilities and 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 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 and 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**

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### **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 Pooled Investments.” The Office of the State Treasurer invests state treasury cash surpluses 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 noncurrent investments varies depending upon the fund classification. Investments in the state’s Local Government Investment Pool (LGIP), an external investment pool operated in a manner consistent with the Securities and Exchange Commission’s Rule 2a-7 of the Investment Company Act of 1940, 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, Washington 98504-0200, online at:

<http://www.tre.wa.gov/documents/lqipCafr/lqipCafrFY15.pdf>, or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

In the absence of readily ascertainable fair values, certain pension trust fund investments, including real estate and private equity, are reported at fair value based on the individual investment’s capital account balance at the closest available reporting period, adjusted for subsequent activity. At June 30, 2015, these alternative investments are valued at \$32.06 billion. Because of the inherent uncertainties in the estimation of fair value, it is possible that the estimates will change.

All other noncurrent 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 market value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are 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 reservation of fund balance indicating that they do not constitute “available spendable resources” except for \$7.0 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, 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; and
- 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 except for assets held by the University of Washington (UW). The capitalization threshold for all other capital assets held by the UW is \$2,000.

Assets acquired by capital leases are capitalized if the assets’ fair market 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 are valued at their estimated fair market value on the date of donation, plus all appropriate ancillary costs. When the fair market value is not practically determinable due to lack of sufficient records, estimated cost is used. Where necessary, estimates of original cost and fair market 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 indirect 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 2015, \$86.9 million in interest costs were incurred, and \$7.7 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. 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; and
- 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, and hedging derivative instruments.

Deferred outflows on debt refunding result when the net carrying value of refunded debt exceeds its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. State contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

Deferred outflows on hedging derivative instruments represent the unrealized loss in fair value of the contract at fiscal year end.

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, 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.

Deferred inflows on refunding result when the reacquisition price of the refunding debt exceeds the net carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows on pensions are recorded when projected earnings on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the state's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

Deferred inflows on hedging derivative instruments represent the unrealized gain in fair value of the contract at fiscal year end.

## 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 obligation 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, 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 premium or discount. 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. Issue 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 assets are held in trust for individuals and external organizations.

## E. OTHER INFORMATION

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### 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 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, Washington 98504-4833 or by visiting their website at: <http://www.lni.wa.gov/ClaimsIns/Insurance/Learn/StateFund/Reports/Default.asp>.

**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. A limited amount of commercial insurance is purchased for liabilities arising from the operations of the Washington state ferries, employee bonds, and to limit the exposure to catastrophic losses. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past ten fiscal years. 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, dental, basic life, and basic long-term disability insurance coverage for eligible state employees. In addition, the state offers coverage to K-12 school districts, educational service districts, tribal governments, political subdivisions, and employee organizations representing state civil service workers. The state establishes eligibility requirements and approves plan benefits of all participating health care organizations. Because the state and its employees are the predominant participants in the employee health insurance program, it is accounted for in an internal service fund, the Employee Insurance 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, as administrator of the health care benefits program, collects this monthly "premium" from agencies for each active employee enrolled in the program. State employees self pay for coverage beyond the state's contribution. Cost of coverage for non-state employees is paid by their respective employers. Most coverage is available on a self-paid basis to former employees and employees who are temporarily not in pay status.

Most coverage is also available on a self-paid basis to eligible retirees. In accordance with the provisions of GASB Statement No. 43, an agency fund, the Retiree Health Insurance Fund, is used to account for the retiree health insurance program. For additional information, refer to Note 12.

The state secures commercial insurance for certain coverage offered, but self-insures the risk of loss for the Uniform Medical Plan. The Uniform Medical Plan enrolled 64 percent of the eligible subscribers in fiscal year 2015. 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 policy, distributions to programs approximate an annual percentage rate of 4 percent of a five-year rolling average of the endowment's market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$577.6 million. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

## Note 2

### Accounting, Reporting, and Entity Changes

**Reporting Changes.** Effective for fiscal year 2015 reporting, the state adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 requires governmental employers with employees participating in defined benefit pension plans that are administered through trusts or equivalent arrangements to report their proportionate share of the net pension liability (or net assets, if the plan net position exceeds the total pension liability) on the face of their accrual based financial statements.

Statement No. 71 *Pension Transition for Contributions Made subsequent to the Measurement Date*. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Fund Reclassification.** During fiscal year 2015, it was determined that an account should be reclassified to a capital projects type fund because bond proceeds now comprise the majority of its resources. Accordingly, the beginning fund balance in the General Fund was reduced by \$14.4 million and the beginning fund balance of the State Facilities Fund, a nonmajor capital projects fund, was increased by \$14.4 million. Additionally 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 \$672 thousand in the General Fund and an increase of \$672 thousand in the Human Services Fund, a nonmajor special revenue fund.

Also during fiscal year 2015, an agency was abolished and its accounts receivable were transferred to another agency that recorded the accounts receivables in a different fund. As a result the beginning fund balance of the Central Administrative and Regulatory Fund, a nonmajor special revenue fund, was reduced by \$19 thousand, and fund balance of the Higher Education Facilities Fund, a nonmajor capital projects fund, was increased by \$19 thousand.

**Prior Period Adjustment.** The state recorded a reduction to the beginning net position balance in the following funds as a result of implementing GASB Statement No. 68:

- Major Proprietary Funds: Worker's Compensation \$134.5 million, Higher Education Student Services \$295.5 million, and Guaranteed Education Tuition Program \$1.2 million;
- Nonmajor Proprietary Funds: Lottery \$7.0 million, Institutional \$10.4 million, and Other Activities \$25.6 million;
- Internal Service Funds: General Services \$115.0 million, Data Processing Revolving \$41.6 million, and Higher Education Revolving \$31.7 million.
- Component Units: Public Stadium Authority, a major component unit, \$129 thousand; and the Washington State Housing Finance Commission and the Washington State Health Care Facilities Authority, both nonmajor component units, \$3.7 million and \$311 thousand, respectively.

The University of Washington (UW) posted a beginning balance adjustment to correct for both over accruing and incorrectly allocating employee benefits. The adjustment increased fund balance in the Higher Education Special Revenue Fund, a major governmental fund, by \$74.4 million (\$63.7 million to correct the over accrual and \$10.7 million to correct the under allocation to other funds); decreased fund balance in the Higher Education Student Services Fund, a major proprietary fund, by \$9.2 million, and decreased fund balance in the Higher Education Revolving Fund, an internal service fund, by \$1.5 million.

The Department of Commerce recorded a prior period adjustment in order to properly offset long-term loans receivables with non-spendable fund balance rather than unavailable revenue. This resulted in increases to fund balance in the following nonmajor special revenue funds: \$82.7 million in the Central Administrative and Regulatory Fund, \$517.1 million in the Human Services Fund, and \$259.7 million in the Local Construction and Loan Fund.

The Department of Natural Resources recorded a prior period adjustment to record three previously unrecorded local bank accounts which increased fund balance in the Central Administrative and Regulatory Fund, nonmajor special revenue fund, by \$3.2 million.

The beginning net position of Valley Medical Center, a major component unit, was increased by \$2.5 million to record a component unit that was previously not reported.

The beginning net position of Northwest Hospital, a major component unit, was increased by \$2.7 million to record a component unit that was previously not reported.

**Governmental Capital Assets and Long-term Obligations.** The state recorded a beginning balance adjustment to long-term obligations associated with governmental funds of \$2.85 billion as a result of the implementation of GASB Statement No. 68.

obligations to record previously unrecorded capital assets and long-term obligations.

The Department of Transportation recorded a prior period adjustment of \$94.3 million to governmental capital assets, and \$9.4 million to governmental long-term

The UW posted a beginning balance adjustment of \$127.0 million to governmental long-term obligations to properly reflect outstanding debt.

Fund equity at July 1, 2014, has been restated as follows (expressed in thousands):

	Fund equity (deficit) at June 30, 2014, as previously reported	Fund Reclassification	Prior Period Adjustment	Fund equity (deficit) as restated, July 1, 2014
<b>Governmental Funds:</b>				
General	\$ 1,826,141	\$ (15,056)	\$ -	\$ 1,811,085
Higher Education Special Revenue	2,628,295	-	74,383	2,702,678
Higher Education Endowment	3,385,643	-	-	3,385,643
Nonmajor Governmental	5,571,060	15,056	862,733	6,448,849
<b>Proprietary Funds:</b>				
Enterprise Funds:				
Workers' Compensation	(9,384,408)	-	(134,522)	(9,518,930)
Unemployment Compensation	3,815,039	-	-	3,815,039
Higher Education Student Services	1,447,141	-	(304,660)	1,142,481
Guaranteed Education Tuition Program	160,990	-	(1,209)	159,781
Nonmajor Enterprise	83,235	-	(43,067)	40,168
Internal Service Funds	268,649	-	(189,860)	78,789
<b>Fiduciary Funds:</b>				
Private Purpose Trust	2,386	-	-	2,386
Local Government Investment Pool	8,661,007	-	-	8,661,007
Pension and Other Employee Benefit Plans	87,286,888	-	-	87,286,888
<b>Component Units:</b>				
Public Stadium	316,851	-	(129)	316,722
Health Benefit Exchange	37,229	-	-	37,229
Valley Medical Center	211,893	-	2,500	214,393
Northwest Hospital	99,707	-	2,691	102,398
Nonmajor Component Units	150,177	-	(4,018)	146,159

# Note 3

## Deposits and Investments

### A. DEPOSITS

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**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, 2015, \$1.21 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$9.0 million uninsured/uncollateralized.

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

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#### 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 investment 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 2015.

**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 each plan's cash needs.

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. PERS Plan 3, TRS Plan 3, and SERS Plan 3 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, tangible assets, real estate, 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.

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 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.

The fixed income segment is managed to achieve the highest return possible consistent with the desire to control asset volatility, emphasize high yield to maturity opportunities to add value through active management, provide diversification to the overall investment program, and to meet or exceed the return of the Barclays Capital Universal Bond Index, with volatility similar to or less than the index.

RCW 43.33A.140 prohibits a corporate fixed income issue 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 holdings in any single issuer with a quality rating below investment grade (as defined by Barclays Capital Global Family of Fixed Income Indices). Total market value of below investment grade credit bonds (as defined by 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 (the sensitivity of the portfolio's fair value to changes in the level of interest rates) is targeted to be within plus or minus 20 percent of the duration of the Barclays Capital Universal Index.

The major sector allocations of the fixed income portfolio are limited to the following ranges: U.S. treasuries and government agencies – 10 percent to 45 percent, credit bonds – 10 percent to 80 percent, asset-backed securities – 0 percent to 10 percent, commercial mortgage-backed securities – 0 percent to 10 percent, and mortgage-backed securities – 5 percent to 45 percent.

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 meet or exceed the returns of the Russell 3000 by 300 basis points in the long term. 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.

The primary goal of the tangible asset portfolio is to generate a long-term, high quality, stable income stream. The secondary goal is to generate appreciation approximately commensurate with inflation. The structure of the investments is primarily targeted to those funds, separate accounts, or tangible asset operating companies providing the WSIB with the most robust governance provisions related to acquisitions, dispositions, debt levels, and ongoing operational decisions for annual capital expenditures. The tangible asset portfolio invests in a number of sectors, but the primary focus is infrastructure, timber, and natural resource rights (oil and natural gas).

The WSIB's current return objective for tangible assets calls for a target benchmark of 4 percent above the U.S. Consumer Price Index over a long-term investment horizon defined as at least five years.

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 WSIB's real estate partnerships typically invest in private real estate assets that are held for long-term income and appreciation. Many of the WSIB's 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.

Volatility in the real estate portfolio is minimized through a combination of factors. First, the majority of the WSIB's partners own real estate assets in a private investment form which are not subject to public market volatility. Second, real estate capital is diversified among a host of partners with varying investment styles. Third, partnership assets are invested in numerous economic regions, including foreign markets, and in various property types. Finally, the

WSIB's partners invest at different points within the properties' capital structure and life cycle.

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

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 three investment strategies in the innovation portfolio, two involving private partnerships and one investing in public equities.

## **2. 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, 2015, the pension trust funds had unfunded commitments of \$11.26 billion, \$7.39 billion, \$1.97 billion, and \$22.0 million in private equity, real estate, tangible assets, and the innovation portfolio, respectively.

## **3. Securities Lending**

State law and board 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, 2015, was approximately \$1.4 billion. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2015, cash collateral received totaling \$843.1 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$843.1 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, 2015, was \$638.4 million.

During the fiscal year, debt and equity securities were loaned and collateralized by the pension trust funds' agent with cash, 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, 2015 (in millions):

Treasuries	\$358.2
Mortgage-backed	342.0
Repurchase agreements	293.2
Cash equivalents and other	291.7
Yankee CD	196.4
<b>Total collateral held</b>	<b>\$1,481.5</b>

During fiscal year 2015, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2015, the cash collateral held had an average duration of 22.5 days and an average weighted final maturity of 79.7 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 2015, 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 2015 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. 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 Barclays Capital Universal Index, with a duration target within plus or minus 20 percent of the duration of the portfolio's performance benchmark. As of June 30, 2015, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two schedules below provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2015. The schedules display various asset classes held by maturity in years, effective duration, 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, 2015**  
*(expressed in thousands)*

Investment Type	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	\$ 1,585,736	\$ 537,516	\$ 1,013,488	\$ 19,968	\$ 14,764	2.42
Corporate bonds	9,127,577	450,265	4,102,531	3,126,281	1,448,500	5.97
U.S. government and agency securities	6,061,063	560,577	4,430,546	764,764	305,176	4.09
Foreign government and agency securities	1,084,595	-	478,760	399,336	206,499	5.76
<b>Total investments categorized</b>	<b>17,858,971</b>	<b>\$ 1,548,358</b>	<b>\$ 10,025,325</b>	<b>\$ 4,310,349</b>	<b>\$ 1,974,939</b>	<b>5.01*</b>
Investments not required to be categorized:						
Cash and cash equivalents	2,152,831					
Equity securities	29,776,692					
Alternative investments	32,055,690					
<b>Total investments not categorized</b>	<b>63,985,213</b>					
<b>Total Investments</b>	<b>\$ 81,844,184</b>					

\* Excludes cash and cash equivalents

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

Moody's Credit Rating	Investment Type				Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agency Securities		
Aaa	\$ 1,576,671	\$ 448,883	\$ 154,624		\$ 2,180,178
Aa1	-	17,690	58,243		75,933
Aa2	-	108,170	53,744		161,914
Aa3	-	685,548	161,701		847,249
A1	765	549,410	-		550,175
A2	-	683,167	-		683,167
A3	-	835,879	79,636		915,515
Baa1	-	1,189,824	45,837		1,235,661
Baa2	7,205	1,328,324	304,354		1,639,883
Baa3	-	2,274,568	169,859		2,444,427
Ba1 or lower	1,095	1,006,114	56,597		1,063,806
<b>Total</b>	<b>\$ 1,585,736</b>	<b>\$ 9,127,577</b>	<b>\$ 1,084,595</b>		<b>\$11,797,908</b>

## 5. 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, 2015, 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, 2015.

**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 that are in the possession of an outside party. 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.

## 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 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 and real estate 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, 2015, of \$822.6 million invested in various international commingled equity index funds.

**Pension Trust Funds**  
**Foreign Currency Exposure by Country**  
**June 30, 2015**  
*(expressed in thousands)*

Foreign Currency Denomination	Investment Type in U.S. Dollar Equivalent					Total
	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Open Foreign Exchange Contracts-Net	
Australia-Dollar	\$ 7,133	\$ 292,665	\$ 470,618	\$ 26,129	\$ 253	\$ 796,798
Brazil-Real	233	242,801	130,843	-	-	373,877
Canada-Dollar	11,495	-	725,668	-	(1,405)	735,758
Chile-Peso	-	63,980	5,329	-	-	69,309
China-Yuan	278	57,614	-	-	-	57,892
Columbia-Peso	-	102,035	-	-	-	102,035
Denmark-Krone	287	-	206,437	-	(629)	206,095
E.M.U.-Euro	1,821	-	3,104,461	2,379,773	4,138	5,490,193
Hong Kong-Dollar	1,985	-	662,835	-	-	664,820
India-Rupee	250	109,523	147,604	-	-	257,377
Indonesia-Rupiah	137	50,618	62,726	-	-	113,481
Japan-Yen	16,097	-	2,342,284	-	(2,769)	2,355,612
Malaysia-Ringgit	7	56,526	62,924	-	-	119,457
Mexico-Peso	65	102,866	64,422	-	(18)	167,335
New Israel-Sheqel	219	-	43,715	-	(153)	43,781
New Taiwan-Dollar	1,272	-	166,792	-	-	168,064
New Zealand-Dollar	120	-	12,842	-	14	12,976
Norway-Krone	1,042	-	64,357	-	128	65,527
Philippines-Peso	4	38,989	24,615	-	-	63,608
Singapore-Dollar	1,241	-	171,501	-	(5)	172,737
South Africa-Rand	507	-	121,421	-	13	121,941
South Korea-Won	289	-	223,738	-	-	224,027
Sweden-Krona	800	-	440,279	-	(371)	440,708
Switzerland-Franc	(25)	-	942,733	-	187	942,895
Thailand-Baht	(1)	45,837	53,360	-	-	99,196
Turkey-Lira	-	51,599	73,003	-	-	124,602
United Kingdom-Pound	12,274	-	2,283,906	-	5,754	2,301,934
Other	127	77,178	54,315	-	(3)	131,617
<b>Total</b>	<b>\$ 57,657</b>	<b>\$ 1,292,231</b>	<b>\$ 12,662,728</b>	<b>\$ 2,405,902</b>	<b>\$ 5,134</b>	<b>\$ 16,423,652</b>

## 7. 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, 2015, the pension trust funds held investments in financial futures and forward currency contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of 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 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, 2015, the pension trust funds counterparty risk was not deemed to be significant.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. 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.

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. 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, 2015, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$5.1 million. The aggregate forward currency exchange contracts receivable and payable were \$1.96 billion and \$1.96 billion, respectively. The contracts have varying maturity dates ranging from August 12, 2015, to September 16, 2015.

At June 30, 2015, the pension trust funds' fixed income portfolio held derivative securities consisting of collateralized mortgage obligations with a fair value of \$91.9 million. 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.

Derivatives which are exchange traded are not subject to credit risk. The counterparty credit ratings for forward currency contracts that are subject to credit risk outstanding at June 30, 2015, had a credit rating of no less than A3 using Moody's rating scale.

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

<b>Pension Trust Funds</b>			
<b>Derivative Investments</b>			
<b>June 30, 2015</b>			
<i>(expressed in thousands)</i>			
	<b>Changes in Fair Value - Included in Investment Income (Loss) Amount</b>	<b>Fair Value - Investment Derivative Amount</b>	<b>Notional</b>
<b>Futures Contracts:</b>			
Bond index futures	\$ 25,674	\$ (3,555)	\$ 841,300
Equity index futures	(3,766)	(8,476)	18,048
<b>Total</b>	<b>\$ 21,908</b>	<b>\$ (12,031)</b>	<b>\$ 859,348</b>
<b>Forward Currency Contracts</b>	<b>\$ 55,941</b>	<b>\$ 5,146</b>	<b>\$ 1,960,628</b>

8. Reverse Repurchase Agreements – None.

## 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 and, subject to this purpose, 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 Barclays Capital Global Family of Fixed Income Indices.
- Asset-backed securities rated investment grade, as defined by Barclays Capital Global Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Barclays Capital Global Family of Fixed Income Indices.
- Investment grade non-U.S. dollar bonds.

**Investment 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 three to 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.
- Sector allocation for U.S. equities should be within a range of 55 percent to 65 percent. Allocation for international equities should be within a range of 35 percent to 45 percent.
- The benchmark and structure for U.S. equities will be the broad U.S. stock market as defined by the Morgan Stanley Capital International (MSCI) U.S. Investable Market Index. The benchmark and structure for international equities will be the MSCI All Country World Ex U.S. Investable Market Index. Both portfolios will be 100 percent passively managed in commingled index funds. The commingled funds may use futures for hedging or establishing a long position.
- Sector allocation of fixed income investments must be managed within the following prescribed ranges: U.S. treasuries and government agencies – 5 percent to 25 percent, credit bonds – 20 percent to 80 percent, asset-backed securities – 0 percent to 10 percent, commercial mortgage-backed securities – 0 percent to 10 percent, and mortgage-backed securities – 0 percent to 25 percent. These targets are long-term in nature. 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.
- Total market value of below investment grade credit bonds (as defined by Barclays Capital Global 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.

## 2. 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.

The fair value of the securities on loan at June 30, 2015, was approximately \$102.6 million. The Workers' Compensation Fund reports securities on loan in the Statement of Net Position in their respective categories. At June 30, 2015, cash collateral received totaling \$68.2 million is reported as a securities lending obligation, and the fair value of the reinvested cash collateral totaling \$68.2 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the Workers' Compensation Fund does 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, 2015, was \$38.3 million.

During fiscal year 2015, 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.

The following table summarizes the securities held from reinvestment of cash collateral and securities received as collateral at June 30, 2015 (in millions):

Mortgage-backed	\$38.3
Cash equivalents and other	28.6
Repurchase agreements	23.7
Yankee CD	15.9
<b>Total collateral held</b>	<b>\$106.5</b>

During fiscal year 2015, securities lending transactions could be terminated on demand by either the Workers' Compensation Fund or the borrower. As of June 30, 2015, the cash collateral held had an average duration of 22.5

days and an average weighted final maturity of 79.7 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 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 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 2015, there were no significant violations of legal or contractual provisions, 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 2015 resulting

from a default by either the borrowers or the securities lending agents.

### 3. 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, 2015, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The two schedules below provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2015. The schedules display various asset classes held by maturity in years, effective duration, 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, 2015**  
*(expressed in thousands)*

Investment Type	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	\$ 1,893,746	\$ 295,992	\$ 1,405,828	\$ 117,915	\$ 74,011	3.02
Corporate bonds	8,969,474	468,390	3,350,231	1,885,623	3,265,230	7.46
U.S. government and agency securities	1,210,817	7,005	891,546	25,133	287,133	7.05
Foreign government and agencies	529,299	38,280	282,285	152,755	55,979	4.91
Total investments categorized	12,603,336	\$ 809,667	\$ 5,929,890	\$ 2,181,426	\$ 3,682,353	6.65*
Investments not required to be categorized:						
Commingled investment trusts	1,895,746					
Cash and cash equivalents	135,026					
Total investments not categorized	2,030,772					
<b>Total Investments</b>	<b>\$ 14,634,108</b>					

\* Excludes cash and cash equivalents

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

<b>Workers' Compensation Fund</b>				
<b>Investment Credit Ratings</b>				
<b>June 30, 2015</b>				
<i>(expressed in thousands)</i>				
<b>Moody's Equivalent Credit Rating</b>	<b>Investment Type</b>			<b>Total Fair Value</b>
	<b>Mortgage and Other Asset-Backed Securities</b>	<b>Corporate Bonds</b>	<b>Foreign Government and Agencies</b>	
Aaa	\$ 1,845,424	\$ 480,823	\$ 150,888	\$ 2,477,135
Aa2	48,322	83,699	51,950	183,971
Aa3	-	1,240,437	197,778	1,438,215
A1	-	896,830	37,408	934,238
A2	-	1,276,296	-	1,276,296
A3	-	1,410,431	-	1,410,431
Baa1	-	1,274,530	14,453	1,288,983
Baa2	-	916,326	50,164	966,490
Ba1 or lower	-	1,390,102	26,658	1,416,760
<b>Total</b>	<b>\$ 1,893,746</b>	<b>\$ 8,969,474</b>	<b>\$ 529,299</b>	<b>\$ 11,392,519</b>

#### 4. 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, 2015, 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 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. There was no concentration of credit risk as of June 30, 2015.

**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.

#### 5. 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, 2015, the only securities held by the Workers' Compensation Fund with potential foreign currency exposure were \$695.0 million 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, 2015**  
*(expressed in thousands)*

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 33,301
Brazil-Real	10,714
Canada-Dollar	47,376
Denmark-Krone	8,477
E.M.U.-Euro	145,065
Hong Kong-Dollar	53,555
India-Rupee	12,703
Japan-Yen	119,409
Mexico-Peso	6,555
New Taiwan-Dollar	20,695
Singapore-Dollar	7,590
South Africa-Rand	11,765
South Korea-Won	23,356
Sweden-Krona	15,350
Switzerland-Franc	43,557
United Kingdom-Pound	102,342
Miscellaneous Foreign Currencies	33,158
<b>Total</b>	<b>\$ 694,968</b>

## 6. 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, 2015, the only derivative securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$1.3 billion.

## 7. Reverse Repurchase Agreements – None.

## 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 generally consistent with Rule 2a-7 money market funds, as currently recognized by the Securities and Exchange Commission (17CFR.270.2a-7). Rule 2a-7 funds are limited to high quality obligations with limited maximum and average maturities, the effect of which is to minimize both market and credit risk.

Investments are stated at amortized cost, which approximates fair value. Security transactions are reported on a trade date basis in accordance with generally accepted accounting principles.

**Investment Objectives.** The objectives of the LGIP investment policy, in priority order, 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, 39.59, 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.
- 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.
- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two designated Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker's acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial paper, provided that the OST adheres with policies and procedures of the Washington State Investment Board regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.
- Obligations of the state of Washington or its political subdivisions.

**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 floating or variable rate notes 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.

## 2. 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 Citibank, N.A. 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 market 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 market 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 2015, the LGIP lent U.S. agency and treasury securities. Cash collateral was reinvested in repurchase agreements and interest bearing bank deposits. At fiscal year end, there were no securities on loan.

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 2015, 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 borrower fails 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.

## 3. 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, 2015, the LGIP had a weighted average maturity of 36 days and a weighted average life of 86 days.

The following schedule presents the LGIP investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2015:

<b>Local Government Investment Pool (LGIP)</b>			
<b>June 30, 2015</b>			
<i>(expressed in thousands)</i>			
<b>Investment Type</b>	<b>Amortized Cost</b>	<b>Maturity</b>	
		<b>Less than 1 Year</b>	<b>1-5 Years</b>
U.S. agency obligations	\$ 6,742,020	\$ 5,950,587	\$ 791,433
U.S. government obligations	849,632	849,632	-
Repurchase agreements	2,968,200	2,968,200	-
Interest bearing bank accounts	820,277	820,277	-
Certificates of deposit and other	64,121	64,121	-
<b>Total</b>	<b>\$ 11,444,250</b>	<b>\$ 10,652,817</b>	<b>\$ 791,433</b>

#### 4. 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 government-sponsored corporations, banker's acceptances, commercial paper, deposits with qualified public depositories, and obligations of the state of Washington or its political subdivisions.

Banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two NRSROs at the time of purchase. The LGIP currently does not have any banker's acceptances, commercial paper, or municipal bonds in its portfolio.

**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 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 LGIP's exposure to risk and insure the safety of the investment. All securities utilized in repurchase agreements were rated AAA by Moody's and AA+ by Standard & Poor's. The market 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 25.9 percent of the total portfolio as of June 30, 2015. 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, 2015, U.S. treasury securities comprised 7.4 percent of the total portfolio. U.S. agency securities comprised 58.9 percent of the total portfolio, including Federal Home Loan Bank (44.9 percent), Federal Home Loan Mortgage Corporation (2 percent), Federal Farm Credit Bank (10.1 percent), and Federal National Mortgage Association (1.9 percent).

**5. Foreign Currency Risk** - None.

**6. Derivatives** - None.

#### **7. Repurchase and Reverse Repurchase Agreements**

The market value plus accrued income of mortgage-backed securities utilized in repurchase agreements with more than seven days remaining until maturity will be 105 percent of the value of the repurchase agreement. The market value plus accrued income of all other securities utilized in repurchase agreements will be 102 percent of the value of the repurchase agreement.

The securities utilized in repurchase agreements are priced daily and held by the LGIP's custodian in the state's name.

Collateralized mortgage obligations utilized in repurchase agreements must pass the Federal Financial Institutions Examination Council test, or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency. As of June 30, 2015, repurchase agreements totaled \$2.97 billion.

State law also permits the LGIP to enter into reverse repurchase agreements which are, by contract, sales of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities pledged as collateral by the LGIP underlying the reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in the value of the securities.

If the dealers default on their obligations to resell these securities to the LGIP or to provide equal value in securities or cash, the LGIP would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. During fiscal year 2015, the LGIP did not enter into any reverse repurchase agreements.

## **E. INVESTMENTS – HIGHER EDUCATION SPECIAL REVENUE, ENDOWMENT, AND STUDENT SERVICES FUNDS**

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### **1. Summary of Investment Policies**

The investments of the University of Washington represent 74 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

The Board of Regents of the University of Washington is responsible for the management of the University's investments. The Board establishes investment policy, which is carried out by the Chief Investment Officer.

The University of Washington Investment Committee, comprised of board members and investment professionals, advises on matters relating to the management of the University's investment portfolios.

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, 2015, the Invested Funds Pool totaled \$1.53 billion. The fund also owns units

in the Consolidated Endowment Fund valued at \$806.2 million on June 30, 2015.

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 2 percent in fiscal year 2015. Endowment operating and gift accounts received 3 percent in fiscal year 2015 with the distributions directed to the University. 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.

Under the CEF spending policy approved by the Board of Regents, quarterly distributions to programs are based on an annual percentage rate of 4 percent applied to the five-year rolling average of the CEF's market valuation. Additionally, the policy allows for an administrative fee of 1 percent supporting campus-wide fundraising and stewardship activities and offsetting 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 is \$3.0 million at June 30, 2015.

Funds in irrevocable trusts managed by trustees other than the University are not reported in the financial statements. The fair value of these funds was \$111.4 million at June 30, 2015. Income received from these trusts, which is included in investment income, was \$6.2 million for the year ended June 30, 2015.

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 \$71.5 million in fiscal year 2015 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 of these

investments reported in the prior year(s). The net appreciation in the fair value of investments during the

year ended June 30, 2015, was \$151.2 million.

The following schedule presents the fair value of the University's investments by type at June 30, 2015:

<b>University of Washington</b>	
<b>June 30, 2015</b>	
<i>(expressed in thousands)</i>	
<b>Investment Type</b>	<b>Carrying Value</b>
Cash equivalents	\$ 403,978
Fixed income	1,726,481
Equity	1,733,102
Non-marketable alternatives	353,053
Absolute return	561,999
Real assets	189,447
Miscellaneous	8,602
<b>Total</b>	<b>\$ 4,976,662</b>

## 2. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2015, the University had outstanding commitments to fund alternative investments in the amount of \$329.9 million. The University believes it has adequate liquidity and funding sources to meet these obligations.

## 3. Securities Lending

The University's investment policies permit it to lend its securities to broker dealers and other entities. As of June 30, 2015, the University had no securities on loan.

## 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 1.81 years at June 30, 2015.

## 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' cash 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' liquidity 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.

The composition of the fixed income securities at June 30, 2015, along with credit quality and effective duration measures is summarized below. The schedule excludes \$36.0 million of fixed income securities held outside the CEF and the Invested Funds Pool, which makes up 1.69 percent of the University's investments.

**University of Washington**  
**Invested Funds Pool and Consolidated Endowment Fund**  
**Fixed Income Credit Quality and Effective Duration**  
**June 30, 2015**  
*(expressed in thousands)*

<b>Investment Type</b>	<b>U.S. Government</b>	<b>Investment Grade*</b>	<b>Non-Investment Grade</b>	<b>Not Rated</b>	<b>Total</b>	<b>Effective Duration (in years)</b>
U.S. treasuries	\$ 842,525	\$ -	\$ -	\$ -	\$ 842,525	1.43
U.S. government agency	644,721	-	-	-	644,721	2.46
Mortgage-backed	-	107,070	75,060	22,415	204,545	2.01
Asset-backed	-	195,968	6,998	24,111	227,077	1.73
Corporate and other	-	175,364	-	200	175,564	1.14
<b>Total</b>	<b>\$ 1,487,246</b>	<b>\$ 478,402</b>	<b>\$ 82,058</b>	<b>\$ 46,726</b>	<b>\$ 2,094,432</b>	<b>1.81</b>

\* 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, 2015, of \$1.20 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, 2015**  
*(expressed in thousands)*

<b>Foreign Currency</b>	<b>Amount</b>
China-Yuan	\$ 211,184
E.M.U.-Euro	174,487
India-Rupee	112,679
Japan-Yen	110,617
Hong Kong-Dollar	60,046
South Korea-Won	56,835
Britain-Pound	54,880
Brazil-Real	54,225
Switzerland-Franc	39,061
Russia-Ruble	36,218
Canada-Dollar	35,385
Philippines-Peso	29,100
Taiwan-Dollar	27,055
Mexico-Peso	23,898
Remaining currencies	169,400
<b>Total</b>	<b>\$ 1,195,070</b>

## 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.

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, 2015. The University had no hedging derivatives, only derivatives for investment purposes.

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

The following schedule presents the significant terms for derivatives held as investments by the University:

<b>University of Washington</b>			
<b>Derivative Investments</b>			
<b>June 30, 2015</b>			
<i>(expressed in thousands)</i>			
<b>Category</b>	<b>Changes in Fair</b>		<b>Notional</b>
	<b>Value - Included in Investment Income (Loss) Amount</b>	<b>Fair Value - Investment Derivative Amount</b>	
Futures contracts	\$ (461)	\$ 100,286	\$ 100,747

## 8. Reverse Repurchase Agreements – None.

## 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 2015, all of the investment income reported by the General Fund was earned by other funds.

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.

The emphasis on "expected" is to recognize that investment decisions are made under conditions of risk

and uncertainty. Neither the actual risk nor return of any investment decision is known with certainty at the time the decision is made.

**Eligible Investments.** Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 39.59, 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.
- 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.
- Banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the banker's acceptance is rated by more than two

NRSROs, it must have the highest rating from all of the organizations.

- Commercial paper, provided that the OST adheres to policies and procedures of the Washington State Investment Board regarding commercial paper (RCW 43.84.080(7)).
- Certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission.
- 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 following restrictions:

- 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.

## 2. 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 Citibank, N.A. 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 market value of the loaned securities, is

priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The cash is invested by the lending agent 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. One option available to the lending agent is to invest cash collateral into an OST account in the LGIP. At June 30, 2015, cash collateral totaled \$148.3 million, all of which was invested in the LGIP.

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 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, 2015, the fair value of securities on loan totaled \$144.8 million.

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 2015, 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 or any losses resulting from a default of a borrower or lending agent during the fiscal year.

## 3. 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.

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 schedule presents the OST investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2015:

<b>Office of the State Treasurer (OST)</b>				
<b>Cash Management Account</b>				
<b>June 30, 2015</b>				
<i>(expressed in thousands)</i>				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturity</b>		
		<b>Less than 1 Year</b>	<b>1-5 Years</b>	
U.S. agency obligations	\$ 2,122,497	\$ 418,406	\$ 1,704,091	
U.S. government obligations	1,202,418	186,679	1,015,739	
Certificates of deposit	149,071	149,071	-	
Investments with LGIP	1,786,267	1,786,267	-	
Interest bearing bank accounts	71,140	71,140	-	
<b>Total</b>	<b>\$ 5,331,393</b>	<b>\$ 2,611,563</b>	<b>\$ 2,719,830</b>	

#### 4. Credit Risk

The OST limits credit risk by adhering to the OST investment policy which restricts the types of investments the OST can participate in, such as: U.S. government and agency securities, banker's acceptances, commercial paper, and deposits with qualified public depositories.

**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 insure 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 limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 5 percent of the portfolio to any single issuer. During fiscal year 2015, the OST did not own any non-governmental securities subject to this restriction.

**5. Foreign Currency Risk** - None.

**6. Derivatives** - None.

#### 7. Repurchase and Reverse Repurchase Agreements

Repurchase agreements and securities accepted for repurchase agreements are subject to the following additional restrictions.

Transactions will be conducted only with primary dealers, the Federal Reserve Bank of New York, the state's bank of record, or master custodial bank, and under the terms of a written master repurchase agreement.

Repurchase agreements with any single primary dealer or financial institution will not exceed 20 percent of the portfolio or \$600 million, whichever is greater. The maximum term of repurchase agreements will be 180 days. The share of the portfolio allocated to repurchase agreements with maturities beyond 30 days will not exceed 30 percent of the total portfolio.

Securities utilized in repurchase agreements with a maturity date longer than seven days are priced at least weekly and are held by the Treasury/Trust custodian in the state's name.

Treasury, agency, and money market securities will be priced at 102 percent of market value plus accrued income, except where the counterparty is the Federal Reserve Bank of New York, in which case they will be priced at 100 percent of market value plus accrued income.

Mortgage-backed repurchase agreements with a maturity date longer than seven days will be priced at 105 percent of market value plus accrued income.

Collateralized mortgage obligation securities utilized in repurchase agreements must pass the Federal Financial Institutions Examination Council test or not exceed a volatility rating of V-5 by Fitch Investor Services, or a similar rating of a nationally recognized rating agency.

Only securities authorized in statute for the investment of public funds are utilized in repurchase agreements. There were no repurchase agreements as of June 30, 2015.

State law also permits the OST to enter into reverse repurchase agreements, which are, by contract, sales of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities pledged as collateral by the OST underlying the reverse repurchase agreements normally exceeds the cash received, providing

the dealers a margin against a decline in the market value of the securities.

If the dealers default on their obligations to resell these securities to the OST or to provide equal value in securities or cash, the OST would suffer an economic loss equal to the differences between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

The OST investment policy limits the amount of reverse repurchase agreements to 30 percent of the total portfolio. There were no reverse repurchase agreements during fiscal year 2015.

## Note 4

### Receivables, Unearned and Unavailable Revenues

#### A. GOVERNMENTAL FUNDS

##### Taxes Receivable

Taxes receivable at June 30, 2015, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education		Nonmajor		Total
		Special Revenue	Higher Education Endowment	Governmental	Funds	
Property	\$ 1,017,320	\$ -	\$ -	\$ -	\$ -	\$ 1,017,320
Sales	1,778,527	-	-	-	-	1,778,527
Business and occupation	628,465	-	-	-	-	628,465
Estate	2,222	10,730	-	-	-	12,952
Fuel	-	-	-	144,602	-	144,602
Liquor	-	-	-	5,560	-	5,560
Marijuana	-	-	-	11,949	-	11,949
Other	4,625	149	-	380	-	5,154
Subtotals	3,431,159	10,879	-	162,491	-	3,604,529
Less: Allowance for uncollectible receivables	37,688	-	-	589	-	38,277
<b>Total Taxes Receivable</b>	<b>\$ 3,393,471</b>	<b>\$ 10,879</b>	<b>\$ -</b>	<b>\$ 161,902</b>	<b>\$ -</b>	<b>\$ 3,566,252</b>

##### Other Receivables

Other receivables at June 30, 2015, consisted of the following (expressed in thousands):

Other Receivables	General	Higher Education		Nonmajor		Total
		Special Revenue	Higher Education Endowment	Governmental	Funds	
Public assistance <sup>(1)</sup>	\$ 686,501	\$ -	\$ -	\$ -	\$ -	\$ 686,501
Accounts receivable	128,936	859,647	23,492	313,569	-	1,325,644
Interest	4,358	6,581	4,546	6,327	-	21,812
Investment trades pending	14,835	-	-	9,080	-	23,915
Loans <sup>(2)</sup>	5,918	131,257	-	463,593	-	600,768
Long-term contracts <sup>(3)</sup>	3,546	-	17,962	97,842	-	119,350
Miscellaneous	15,684	78,671	-	39,972	-	134,327
Subtotals	859,778	1,076,156	46,000	930,383	-	2,912,317
Less: Allowance for uncollectible receivables	684,824	29,096	48	85,223	-	799,191
<b>Total Other Receivables</b>	<b>\$ 174,954</b>	<b>\$ 1,047,060</b>	<b>\$ 45,952</b>	<b>\$ 845,160</b>	<b>\$ -</b>	<b>\$ 2,113,126</b>

Notes:

<sup>(1)</sup> Public assistance receivables mainly represent amounts owed 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.

<sup>(2)</sup> Significant long-term portions of loans receivable include \$112.5 million in the Higher Education Special Revenue Fund for student loans and \$451.9 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

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

## Unearned Revenue

Unearned revenue at June 30, 2015, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education	Higher Education	Nonmajor	Total
		Special Revenue	Endowment	Governmental Funds	
Other taxes	\$ 1,224	\$ -	\$ -	\$ 24	\$ 1,248
Charges for services	105,729	185,499	-	35,291	326,519
Child support	20,135	-	-	-	20,135
Donable goods	7	-	-	6,881	6,888
Grants and donations	3,671	1,584	-	8,832	14,087
Prepaid tolls	-	-	-	14,518	14,518
Seizure of forfeited assets	-	-	-	2,035	2,035
Miscellaneous	11,648	14,996	-	7,586	34,230
<b>Total Unearned Revenue</b>	<b>\$ 142,414</b>	<b>\$ 202,079</b>	<b>\$ -</b>	<b>\$ 75,167</b>	<b>\$ 419,660</b>

## Unavailable Revenue

Unavailable revenue at June 30, 2015, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education	Higher Education	Nonmajor	Total
		Special Revenue	Endowment	Governmental Funds	
Property taxes	\$ 996,751	\$ -	\$ -	\$ -	\$ 996,751
Other taxes	425,888	9,631	-	254	435,773
Timber sales	3,546	-	17,962	97,842	119,350
Charges for services	-	-	-	51,835	51,835
Miscellaneous	5,000	-	-	623	5,623
<b>Total Unavailable Revenue</b>	<b>\$ 1,431,185</b>	<b>\$ 9,631</b>	<b>\$ 17,962</b>	<b>\$ 150,554</b>	<b>\$ 1,609,332</b>

## **B. PROPRIETARY FUNDS**

### **Other Receivables**

Other receivables at June 30, 2015, consisted of the following (expressed in thousands):

Other Receivables	Business-Type Activities Enterprise Funds					Total	Governmental
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed			Internal Service Funds
				Education Tuition Program	Nonmajor Enterprise Funds		
Accounts receivable	\$ 816,544	\$ 717,075	\$ 291,545	\$ 47,243	\$ 19,910	\$ 1,892,317	\$ 17,817
Interest	112,356	-	935	4,741	-	118,032	418
Investment trades pending	5	-	-	1,655	-	1,660	1,398
Miscellaneous	12,184	-	16,617	-	8	28,809	269
Subtotals	941,089	717,075	309,097	53,639	19,918	2,040,818	19,902
Less: Allowance for uncollectible receivables	152,446	115,799	78,308	-	82	346,635	470
<b>Total Other Receivables</b>	<b>\$ 788,643</b>	<b>\$ 601,276</b>	<b>\$ 230,789</b>	<b>\$ 53,639</b>	<b>\$ 19,836</b>	<b>\$ 1,694,183</b>	<b>\$ 19,432</b>

### **Unearned Revenue**

Unearned revenue at June 30, 2015, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities Enterprise Funds					Total	Governmental
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed			Internal Service Funds
				Education Tuition Program	Nonmajor Enterprise Funds		
Charges for services	\$ -	\$ -	\$ 52,479	\$ -	\$ -	\$ 52,479	\$ 2,566
Grants and donations	5,961	-	-	-	-	5,961	-
Other taxes	552	-	-	-	-	552	-
Miscellaneous	509	-	2,600	-	4	3,113	-
<b>Total Unearned Revenue</b>	<b>\$ 7,022</b>	<b>\$ -</b>	<b>\$ 55,079</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ 62,105</b>	<b>\$ 2,566</b>

## **C. FIDUCIARY FUNDS**

### **Other Receivables**

Other receivables at June 30, 2015, consisted of \$9.5 million for interest and other miscellaneous amounts.

### **Unearned Revenue**

Unearned revenue at June 30, 2015, consisted of \$1.0 million 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, 2015, 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	\$ -	\$ 34,835	\$ -	\$ 194,420	\$ 517
Higher Education Special Revenue	58,032	-	17	44,050	823
Higher Education Endowment	-	-	-	52	-
Nonmajor Governmental Funds	89,193	1,681	4,507	210,355	814
Workers' Compensation	11	-	-	90	-
Unemployment Compensation	1,174	1,677	-	14,810	15
Higher Education Student Services	407	2,963	-	11,637	244
Guaranteed Education Tuition Program	-	-	-	-	-
Nonmajor Enterprise Funds	8,793	514	-	2,658	113
Internal Service Funds	25,852	10,881	-	23,760	4,243
Fiduciary Funds	-	-	-	-	-
<b>Totals</b>	<b>\$ 183,462</b>	<b>\$ 52,551</b>	<b>\$ 4,524</b>	<b>\$ 501,832</b>	<b>\$ 6,769</b>

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 \$19.8 million loan from a nonmajor governmental fund to the General Fund which is expected to be paid over the next five years; (2) a \$7.3 million loan between nonmajor governmental funds which is expected to be paid over the next seven years, and (3) a \$126.4 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 \$51.1 million within the state's Pension Trust Funds.

Due From							
Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Totals	
\$ 2	\$ 8	\$ 137	\$ 15,299	\$ 9,570	\$ -	\$ 254,788	
-	154,355	161	43	12,344	-	269,825	
-	-	-	-	-	9	61	
2,986	6	4	49	11,060	-	320,655	
-	-	-	-	-	5	106	
-	35	-	232	87	14	18,044	
-	-	-	-	3,220	48	18,519	
-	-	-	-	-	2	2	
1	75	8	977	233	4	13,376	
-	40	8	529	12,031	-	77,344	
-	-	-	-	-	-	-	
\$ 2,989	\$ 154,519	\$ 318	\$ 17,129	\$ 48,545	\$ 82	\$ 972,720	

## **B. INTERFUND TRANSFERS**

Interfund transfers as reported in the financial statements for the year ended June 30, 2015, consisted of the following (expressed in thousands):

<b>Transferred From</b>	<b>Transferred To</b>				
	<b>General</b>	<b>Higher Education Special Revenue</b>	<b>Higher Education Endowment</b>	<b>Nonmajor Governmental Funds</b>	<b>Workers' Compensation</b>
General	\$ -	\$ -	\$ 222	\$ 1,103,708	\$ -
Higher Education Special Revenue	28,041	-	499,126	206,591	-
Higher Education Endowment	-	649,887	-	34,933	-
Nonmajor Governmental Funds	309,173	246,851	628	1,427,287	-
Workers' Compensation	-	-	-	-	-
Unemployment Compensation	-	-	-	-	-
Higher Education Student Services	-	391,306	-	2,225	-
Guaranteed Education Tuition Program	-	-	-	-	-
Nonmajor Enterprise Funds	126,163	6,050	-	11,543	-
Internal Service Funds	2,210	14,671	-	1,329	-
<b>Totals</b>	<b>\$ 465,587</b>	<b>\$ 1,308,765</b>	<b>\$ 499,976</b>	<b>\$ 2,787,616</b>	<b>\$ -</b>

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, 2015, \$211.9 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (BSA) in accordance with the provisions of the Constitution. Additionally, the Legislature authorized the transfer from the BSA to the General Fund the amount attributable to extraordinary revenue growth of \$37.9 million. The 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 \$4.8 million within the state's Pension Trust Funds.

Transferred To						
Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Internal Service Funds	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 14,594	\$ 1,118,524	
-	400,955	-	-	11,191	1,145,904	
-	-	-	-	-	684,820	
-	-	-	-	4,080	1,988,019	
-	-	-	-	-	-	
-	-	-	-	32	393,563	
-	-	-	-	-	-	
-	-	-	12,804	-	156,560	
-	-	-	-	26,080	44,290	
<b>\$ -</b>	<b>\$ 400,955</b>	<b>\$ -</b>	<b>\$ 12,804</b>	<b>\$ 55,977</b>	<b>\$ 5,531,680</b>	

## Note 6

### Capital Assets

Capital assets at June 30, 2015, 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, 2015 (expressed in thousands):

<b>Capital Assets</b>	<b>Balances July 1, 2014 *</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balances June 30, 2015</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,571,351	\$ 76,226	\$ (22,200)	\$ 2,625,377
Transportation infrastructure	22,416,792	818,243	-	23,235,035
Intangible assets - indefinite lives	12,914	2,024	-	14,938
Art collections, library reserves, and museum and historical collections	124,447	3,410	(1,562)	126,295
Construction in progress	<u>906,261</u>	541,820	(557,099)	<u>890,982</u>
<b>Total capital assets, not being depreciated</b>	<u>26,031,765</u>			<u>26,892,627</u>
<b>Capital assets, being depreciated:</b>				
Buildings	12,331,158	475,415	(18,189)	12,788,384
Accumulated depreciation	<u>(4,629,158)</u>	(336,125)	3,052	<u>(4,962,231)</u>
Net buildings	<u>7,702,000</u>			<u>7,826,153</u>
Other improvements	1,426,011	43,960	(6,159)	1,463,812
Accumulated depreciation	<u>(682,463)</u>	(50,606)	5,594	<u>(727,475)</u>
Net other improvements	<u>743,548</u>			<u>736,337</u>
Furnishings, equipment, and intangible assets	4,705,174	625,135	(206,574)	5,123,735
Accumulated depreciation	<u>(3,191,916)</u>	(278,214)	174,976	<u>(3,295,154)</u>
Net furnishings, equipment, and intangible assets	<u>1,513,258</u>			<u>1,828,581</u>
Infrastructure	962,088	56,688	(8,055)	1,010,721
Accumulated depreciation	<u>(483,168)</u>	(30,144)	2,116	<u>(511,196)</u>
Net infrastructure	<u>478,920</u>			<u>499,525</u>
<b>Total capital assets, being depreciated, net</b>	<u>10,437,726</u>			<u>10,890,596</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 36,469,491</u>			<u>\$ 37,783,223</u>

\* Beginning balances reflect the prior period adjustments by the Department of Transportation for assets not previously placed into inventory, which resulted in an increase in capital assets of \$98.4 million and an increase in accumulated depreciation of \$4.1 million.

## **B. BUSINESS-TYPE CAPITAL ASSETS**

The following is a summary of business-type capital asset activity for the year ended June 30, 2015 (expressed in thousands):

<b>Capital Assets</b>	<b>Balances July 1, 2014</b>	<b>Additions</b>	<b>Deletions/ Adjustments</b>	<b>Balances June 30, 2015</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 60,752	\$ -	\$ (3,203)	\$ 57,549
Intangible assets - indefinite lives	4,580	-	-	4,580
Art collections	35	40	-	75
Construction in progress	<u>103,825</u>	212,917	(23,992)	<u>292,750</u>
<b>Total capital assets, not being depreciated</b>	<u>169,192</u>			<u>354,954</u>
<b>Capital assets, being depreciated:</b>				
Buildings	3,263,882	18,730	(18,374)	3,264,238
Accumulated depreciation	<u>(854,176)</u>	(98,909)	967	<u>(952,118)</u>
Net buildings	<u>2,409,706</u>			<u>2,312,120</u>
Other improvements	97,959	693	(163)	98,489
Accumulated depreciation	<u>(39,602)</u>	(6,177)	42	<u>(45,737)</u>
Net other improvements	<u>58,357</u>			<u>52,752</u>
Furnishings, equipment, and intangible assets	675,028	51,207	(12,128)	714,107
Accumulated depreciation	<u>(485,413)</u>	(56,076)	11,091	<u>(530,398)</u>
Net furnishings, equipment, and intangible assets	<u>189,615</u>			<u>183,709</u>
Infrastructure	42,331	315	-	42,646
Accumulated depreciation	<u>(19,055)</u>	(1,407)	(192)	<u>(20,654)</u>
Net infrastructure	<u>23,276</u>			<u>21,992</u>
<b>Total capital assets, being depreciated, net</b>	<u>2,680,954</u>			<u>2,570,573</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 2,850,146</u>			<u>\$ 2,925,527</u>

### **C. DEPRECIATION**

Depreciation expense for the year ended June 30, 2015, was charged by the primary government as follows (expressed in thousands):

	<b>Amount</b>
<b>Governmental Activities:</b>	
General government	\$ 79,798
Education - elementary and secondary (K-12)	6,276
Education - higher education	382,701
Human services	37,752
Adult corrections	44,653
Natural resources and recreation	34,716
Transportation	109,193
<b>Total Depreciation Expense - Governmental Activities *</b>	<b>\$ 695,089</b>
<b>Business-Type Activities:</b>	
Workers' compensation	\$ 7,184
Unemployment compensation	-
Higher education student services	154,028
Guaranteed education tuition program	2
Other	1,355
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 162,569</b>

\* Includes \$97.2 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, 2015, are as follows (expressed in thousands):

Agency / Project Commitments	Construction In Progress June 30, 2015	Remaining Project Commitments
<b>Department of Commerce:</b>		
Pacific Tower renovations	\$ 11,704	\$ -
<b>Consolidated Technology Services:</b>		
State Data Center buildout	11,053	1,808
<b>Employment Security Department</b>		
Unemployment Tax & Benefit system and other projects	6,107	18,339
<b>Department of Enterprise Services:</b>		
1063 Building project	5,459	77,017
Various projects	25,380	30,002
<b>Military Department</b>		
Pierce County readiness center and other projects	13,178	25,670
<b>Department of Social and Health Services:</b>		
Residential housing unit renovations and other projects	33,141	4,947
<b>Department of Veterans Affairs:</b>		
Walla Walla Veterans Home, Eastern Washington State Cemetery, and other projects	11,319	43,034
<b>Department of Corrections:</b>		
Correctional center units security and safety improvements, and other projects	15,907	16,045
<b>Department of Transportation:</b>		
State ferry vessels and terminals, locomotives, and other projects	120,480	104,688
Transportation infrastructure	-	1,382,028
<b>Department of Fish and Wildlife:</b>		
Voights Creek hatchery, Soos Creek, Fir Island farm restoration, and other projects	19,100	57,971
<b>University of Washington:</b>		
Hec Ed student services and Graves renovation projects	2,132	1,031
UW Medical Center expansion and renovation projects	101,993	20,252
Maple and Terry Hall renovations, Lander Hall replacement,	108,578	12,775
NanaEngineering & Sciences building, animal research and care facility, UW police		
department, and other projects	156,133	119,646
Burke Gilman trail and other parking projects	3,542	3,330
<b>Washington State University:</b>		
Clean technology laboratory, animal health research facility, digital classroom,		
Spokane teaching health center, and other facility projects	65,079	126,541
Baily-Brayton field clubhouse and indoor practice facility projects	66	10,057
Cultural house, Tri Cities student union and other projects	577	17,215
Chief Joseph Village renovation, global scholars, and other housing projects	48,324	50,882
Police station, smart grid, Vancouver parking lot, and other projects	4,943	8,864
<b>Eastern Washington University:</b>		
Pence union building renovation, science center, water system upgrade, and other project	3,756	14,055
<b>Central Washington University:</b>		
Getz-Short renovation, Samuel communication & technology center, and other projects	5,229	6,055
Science hall phase two project	32,921	30,741
<b>The Evergreen State College:</b>		
Science center lab 1 & 2, and other projects	6,455	1,925
<b>Western Washington University:</b>		
Carver Hall renovation, housing and dining, and other projects	21,995	12,586
<b>Community and Technical Colleges:</b>		
ctcLink project	66,744	33,256
Green River Trades & Industry, Auburn center, and student center replacement projects	52,938	17,458
Lower Columbia Health and Science building, and fitness center project	44,067	2,471
Grays Harbor Schermer project	41,195	1,617
Edmonds SET building project	1,838	47,841
Tacoma health careers center and health & wellness center projects	33,800	14,500
Other miscellaneous community college projects	87,498	92,362
<b>Other Agency Projects</b>	<u>21,101</u>	<u>17,556</u>
<b>Total Construction in Progress</b>	<u>\$ 1,183,732</u>	<u>\$ 2,424,565</u>

## Note 7

### Long-Term Liabilities

#### A. BONDS PAYABLE

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Bonds payable at June 30, 2015, 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).

Legislative authorization arises:

- 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 8.5 percent and will decline to 8 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 2015 is \$1.26 billion.

This computation excludes specific bond issues and types, which are not secured by general state revenues. Of the \$18.77 billion general obligation bond debt principal outstanding at June 30, 2015, \$11.16 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2015, did not exceed the authorized debt service limitation.

For further information on the debt limit refer to the Certification of the Debt Limitation of the State of Washington available from the Office of the State Treasurer at:

[http://www.tre.wa.gov/documents/debt\\_cd2015.pdf](http://www.tre.wa.gov/documents/debt_cd2015.pdf)

or to Schedule 11 in the Statistical Section of this report.

#### Authorized But Unissued

The state had a total of \$5.61 billion in general obligation bonds authorized but unissued as of June 30, 2015, 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 0.2 to 6.4 percent. Interest rates on revenue bonds range from 0.5 to 7.4 percent.

#### Debt Service Requirements to Maturity

##### General Obligations Bonds

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

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

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report for 2015. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, phone number (360) 902-9000 or TTY (360) 902-8963, or by visiting their website at:

<http://www.tre.wa.gov/aboutUs/publications/annualReports.shtml>

Total debt service requirements to maturity for general obligation bonds as of June 30, 2015, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2016	\$ 892,262	\$ 894,477	\$ 4,050	\$ 110	\$ 896,312	\$ 894,587
2017	917,539	885,722	-	-	917,539	885,722
2018	909,284	844,404	-	-	909,284	844,404
2019	906,459	807,091	-	-	906,459	807,091
2020	908,437	772,419	-	-	908,437	772,419
2021-2025	4,506,094	3,104,095	-	-	4,506,094	3,104,095
2026-2030	4,376,413	2,079,821	-	-	4,376,413	2,079,821
2031-2035	3,378,305	881,025	-	-	3,378,305	881,025
2036-2040	1,729,340	260,724	-	-	1,729,340	260,724
2041-2045	238,045	12,584	-	-	238,045	12,584
<b>Total Debt Service Requirements</b>	<b>\$ 18,762,178</b>	<b>\$ 10,542,362</b>	<b>\$ 4,050</b>	<b>\$ 110</b>	<b>\$ 18,766,228</b>	<b>\$ 10,542,472</b>

### 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.

#### General Revenue.

The University of Washington 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. General revenue bonds outstanding as of June 30, 2015, include \$698.4 million in governmental activities and \$1.36 billion in business-type activities.

#### 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, 2015, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2016	\$ 113,487	\$ 100,646	\$ 89,178	\$ 87,632	\$ 202,665	\$ 188,278
2017	114,078	101,272	53,005	85,757	167,083	187,029
2018	113,030	95,803	55,603	83,706	168,633	179,509
2019	118,468	90,359	57,293	81,310	175,761	171,669
2020	122,443	84,654	58,823	78,805	181,266	163,459
2021-2025	686,194	327,376	316,349	349,651	1,002,543	677,027
2026-2030	312,165	205,446	336,844	270,002	649,009	475,448
2031-2035	281,417	129,472	328,421	186,768	609,838	316,240
2036-2040	238,159	66,019	362,778	100,360	600,937	166,379
2041-2045	113,635	23,070	195,529	17,546	309,164	40,616
2046-2050	62,669	9,469	-	-	62,669	9,469
2051-2055	13,689	736	-	-	13,689	736
<b>Total Debt Service Requirements</b>	<b>\$ 2,289,434</b>	<b>\$ 1,234,322</b>	<b>\$ 1,853,823</b>	<b>\$ 1,341,537</b>	<b>\$ 4,143,257</b>	<b>\$ 2,575,859</b>

Governmental activities include revenue bonds outstanding at June 30, 2015, of \$273.2 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 \$407.2 million, payable through 2033. For the current year, both pledged revenue and debt service were \$47.4 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2015, of \$786.3 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the costs 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 \$997.5 million, payable through 2024. For the current year both pledged revenue and debt service were \$39.1 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2015, of \$195.2 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 \$347.2 million, payable through 2051.

Governmental activities include revenue bonds outstanding at June 30, 2015, of \$43.4 million issued by the Tumwater Office Properties (IOP), 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 \$59.7 million, payable through 2029. For the current year, both pledged revenue and debt service were \$999 thousand.

Governmental activities include revenue bonds outstanding at June 30, 2015, of \$286.8 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 \$517.5 million, payable through 2039. For the current year, both pledged revenue and debt service were \$21.6 million.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2015, of \$6.1 million issued by the City of Aberdeen. The bonds were used to extend utilities to the state Department of Corrections Stafford Creek Corrections Center (SCCC). 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 \$7.0 million, payable through 2022. For the current year, both pledged revenue and debt service were \$1.6 million.

The state's colleges and universities may also 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.

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2015, are as follows (expressed in thousands):

<b>Source of Revenue Pledged</b>	<b>Housing and Dining Revenues (Net of Operating Expenses)</b>	<b>Student Facilities Fees and Earnings on Invested Fees</b>	<b>Bookstore Revenues</b>
Current revenue pledged	\$ 27,812	\$ 27,727	\$ 82
Current year debt service	18,930	11,547	202
Total future revenues pledged *	349,838	190,956	3,842
Description of debt	Housing and dining bonds issued in 1998-2015	Student facilities bonds issued in 2006-2015	Student union and recreation center bonds issued in 2004
Purpose of debt	Construction and renovation of student housing and dining	Construction and renovation of student activity and sports facilities	Construct new bookstore as part of new student union and recreation center building
Term of commitment	2026-2042	2031-2039	2034
Percentage of debt service to pledged revenues (current year)	68.1%	41.7%	246.4%

\* Total future principal and interest payments.

## **B. CERTIFICATES OF PARTICIPATION**

Certificates of participation at June 30, 2015, 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, 2015, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
<b>By Fiscal Year:</b>						
2016	\$ 121,143	\$ 34,652	\$ 4,302	\$ 1,230	\$ 125,445	\$ 35,882
2017	55,050	19,271	4,306	1,507	59,356	20,778
2018	52,161	17,065	4,080	1,335	56,241	18,400
2019	46,956	14,941	3,673	1,169	50,629	16,110
2020	42,078	13,024	3,291	1,019	45,369	14,043
2021-2025	144,951	42,856	11,337	3,352	156,288	46,208
2026-2030	95,996	14,035	7,509	1,098	103,505	15,133
2031-2035	17,288	1,055	1,352	83	18,640	1,138
<b>Total Debt Service Requirements</b>	<b>\$ 575,623</b>	<b>\$ 156,899</b>	<b>\$ 39,850</b>	<b>\$ 10,793</b>	<b>\$ 615,473</b>	<b>\$ 167,692</b>

## 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 July 9, 2014, the state issued \$420.5 million of motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.9 percent to refund \$443.5 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.8 percent. The refunding resulted in a \$37.8 million gross debt service savings over the next 12 years and a net present value savings of \$29.8 million.

Also on July 9, 2014, the state issued \$420.1 million of various purpose general obligation refunding bonds with an average interest rate of 4.8 percent to refund \$438.5 million of various purpose general obligation bonds with an average interest rate of 5 percent. The refunding resulted in a \$38.0 million gross debt service savings over the next 12 years and a net present value savings of \$30.5 million.

On November 6, 2014, the state issued \$301.8 million of motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5 percent to refund \$328.0 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 5 percent. The refunding resulted in a \$53.0 million gross debt service savings over the next 18 years and a net present value savings of \$40.9 million.

Also on November 6, 2014, the state issued \$616.0 million of various purpose general obligation refunding bonds with an average interest rate of 5 percent to refund \$675.8 million of various purpose general obligation bonds with an average interest rate of 5 percent. The refunding resulted in a \$119.6 million gross debt service savings over the next 18 years and a net present value savings of \$95.7 million.

On February 4, 2015, the state issued \$458.8 million in various purpose general obligation refunding bonds with an average interest rate of 5 percent to refund \$492.3 million of various purpose general obligation bonds with an average interest rate of 5 percent. The refunding resulted in a \$54.8 million gross debt service savings over the next 18 years and a net present value savings of \$45.3 million.

On March 4, 2015, the state issued \$147.3 million of motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5 percent to refund \$155.7 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 5 percent. The refunding resulted in a \$14.8 million gross debt service savings over the next 16 years and a net present value savings of \$12.0 million.

Also on March 4, 2015, the state issued \$132.7 million of motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.8 percent to refund \$144.2 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.5 percent. The refunding resulted in a \$17.8 million gross

debt service savings over the next 16 years and a net present value savings of \$11.4 million.

Also on March 4, 2015, the state issued \$113.3 million of various purpose general obligation refunding bonds with an average interest rate of 4.6 percent to refund \$120.6 million of various purpose general obligation bonds with an average interest rate of 4.5 percent. The refunding resulted in a \$10.7 million gross debt service savings over the next 13 years and a net present value savings of \$9.1 million.

#### **Business-Type Activities.**

On August 21, 2014, the Washington Biomedical Research Properties II, a blended component unit of the University of Washington, issued \$115.7 million in lease revenue refunding bonds with an average interest rate of 4.5 percent to refund \$118.9 million of lease revenue bonds with an average interest rate of 5 percent. The refunding resulted in a \$15.0 million gross debt service savings over the next 12 years and an economic gain of \$12.6 million.

On March 4, 2015, the University of Washington issued \$176.1 million in general revenue refunding bonds with an average interest rate of 4.4 percent to refund \$190.2 million of business-type activity lease revenue bonds with an average interest rate of 5 percent. The refunding resulted in a \$75.0 million gross debt service savings over the next 15 years and an economic gain of \$38.1 million.

On March 4, 2015, Western Washington University issued \$13.4 million in housing and dining refunding bonds with an average interest rate of 4 percent to refund \$15.2 million of housing and dining revenue bonds with an average interest rate of 6 percent. The refunding resulted in a \$1.9 million gross debt service savings over the next 12 years and an economic gain of \$1.6 million.

On March 11, 2015, Washington State University issued \$64.5 million in general revenue refunding bonds with an average interest rate of 5% to refund \$13.0 million in housing and dining revenue bonds with an average interest rate of 4.3%, \$5.7 million in parking revenue bonds with an average interest rate of 4.3%, and \$53.4 million in student fees revenue bonds with an average interest rate of 5%. The refunding resulted in an \$11.0 million gross debt service savings over the next 9 to 24 years and an economic gain of \$8.5 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 in an irrevocable trust to provide for all future debt service payments on the prior bonds and certificates.

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

#### **General Obligation Bond Debt**

On June 30, 2015, \$3.82 billion of general obligation bonded debt outstanding is considered defeased.

#### **Revenue Bond Debt**

On June 30, 2015, \$306.4 million of revenue bonded debt outstanding is considered defeased.

#### **Certificates of Participation Debt**

On June 30, 2015, \$44.8 million of certificates of participation debt outstanding is considered defeased.

## **D. LEASES**

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Leases at June 30, 2015, 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, 2015, include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 1,705	\$ 4,512
Equipment	8,468	14,840
Less: Accumulated Depreciation	(5,750)	(10,174)
<b>Totals</b>	<b>\$ 4,423</b>	<b>\$ 9,178</b>

The following schedule presents future minimum payments for capital and operating leases as of June 30, 2015 (expressed in thousands):

Capital and Operating Leases	Capital Leases		Operating Leases	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>By Fiscal Year:</b>				
2016	\$ 1,553	\$ 2,850	\$ 178,497	\$ 28,513
2017	1,134	2,794	140,827	26,155
2018	520	2,002	112,507	21,250
2019	514	1,516	86,455	11,190
2020	498	1,383	46,581	10,452
2021-2025	1,608	3,814	115,095	34,517
2026-2030	-	-	29,543	22,487
2031-2035	-	-	15,878	22,175
2036-2040	-	-	12,817	24,505
2041-2045	-	-	8,991	24,783
<b>Total Future Minimum Payments</b>	<b>5,827</b>	<b>14,359</b>	<b>747,191</b>	<b>226,027</b>
Less: Executory Costs and Interest Costs	(386)	(1,409)	-	-
<b>Net Present Value of Future Minimum Lease Payments</b>	<b>\$ 5,441</b>	<b>\$ 12,950</b>	<b>\$ 747,191</b>	<b>\$ 226,027</b>

The total operating lease rental expense for fiscal year 2015 for governmental activities was \$354.7 million, of which \$231 thousand was for contingent rentals. The total operating lease rental expense for fiscal year 2015 for business-type activities was \$35.8 million.

## E. CLAIMS AND JUDGMENTS

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

### Workers' Compensation

At June 30, 2015, \$36.12 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$25.07 billion. These claims are discounted at assumed interest rates of 1.5 percent (non-pension and cost of living adjustments), 4.5

to 6.4 percent (pensions not yet granted), and 6.4 percent (granted pensions) to arrive at a settlement value.

The claims and claim adjustment liabilities of \$25.07 billion as of June 30, 2015, include \$11.83 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 \$13.23 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 2014 and 2015 were as follows (expressed in thousands):

<b>Workers' Compensation Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balances End of Fiscal Year</b>
2014	\$ 23,627,560	2,953,508	(2,143,534)	\$ 24,437,534
2015	\$ 24,437,534	2,814,134	(2,185,519)	\$ 25,066,149

### **Risk Management**

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except the University of Washington. 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 or social factors.

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

As of June 30, 2015, 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 \$579.9 million 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.

At June 30, 2015, the Risk Management Fund held \$60.8 million in cash and pooled investments designated for payment of these claims under the state's Self Insurance Liability Program.

Changes in the balances of risk management claims liabilities during fiscal years 2014 and 2015 were as follows (expressed in thousands):

<b>Risk Management Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Tort Defense Payments</b>	<b>Balances End of Fiscal Year</b>
2014	\$ 542,709	74,760	(48,488)	(18,993)	\$ 549,988
2015	\$ 549,988	110,648	(59,621)	(21,087)	\$ 579,928

### **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, 2015, health insurance claims liabilities totaling \$73.6 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 2014 and 2015 were as follows (expressed in thousands):

<b>Health Insurance Fund</b>	<b>Balances Beginning of Fiscal Year</b>	<b>Incurred Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balances End of Fiscal Year</b>
2014	\$ 59,873	856,230	(845,854)	\$ 70,249
2015	\$ 70,249	934,082	(930,724)	\$ 73,607

## **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 27 projects in progress for which the state has recorded a liability of \$70.7 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, 2015, the state has recorded a liability of \$99.0 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$169.7 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. LONG-TERM LIABILITY ACTIVITY**

Long-term liability activity at June 30, 2015, 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 2015 is as follows (expressed in thousands):

<b>Governmental Activities:</b>	<b>Beginning Balance July 1, 2014 *</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2015</b>	<b>Amounts Due Within One Year</b>
<b>Long-Term Debt:</b>					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 18,397,375	\$ 3,464,175	\$ 3,618,030	\$ 18,243,520	\$ 845,260
GO - zero coupon bonds (principal)	556,942	-	38,284	518,658	47,002
Subtotal - GO bonds payable	18,954,317	3,464,175	3,656,314	18,762,178	892,262
Accreted interest - GO - zero coupon bonds	415,936	56,015	-	471,951	46,372
Revenue bonds payable	1,987,810	358,420	56,796	2,289,434	113,487
Plus: Unamortized issuance premiums	33,284	652,415	25,688	660,011	-
<b>Total Bonds Payable</b>	<b>21,391,347</b>	<b>4,531,025</b>	<b>3,738,798</b>	<b>22,183,574</b>	<b>1,052,121</b>
<b>Other Liabilities:</b>					
Certificates of participation	569,885	69,672	63,934	575,623	121,143
Plus: Deferred issuance premiums	-	5,645	833	4,812	-
Claims and judgments	762,934	168,471	67,276	864,129	295,105
Installment contracts	2,185	-	2,185	-	-
Leases	8,526	172	3,257	5,441	1,490
Compensated absences	549,417	351,998	348,478	552,937	63,647
Net pension liability	4,557,121	553,718	1,813,537	3,297,302	-
Other postemployment benefits obligations	1,720,545	384,249	-	2,104,794	-
Pollution remediation obligations	164,839	26,327	21,468	169,698	-
Unclaimed property refunds	100,779	29,878	1	130,656	-
Other	461,594	143,727	35,663	569,658	-
<b>Total Other Liabilities</b>	<b>8,897,825</b>	<b>1,733,857</b>	<b>2,356,632</b>	<b>8,275,050</b>	<b>481,385</b>
<b>Total Long-Term Debt</b>	<b>\$ 30,289,172</b>	<b>\$ 6,264,882</b>	<b>\$ 6,095,430</b>	<b>\$ 30,458,624</b>	<b>\$ 1,533,506</b>

\* Beginning balances have been adjusted as follows: a \$4.16 billion increase to net pension liability as a result of implementing GASB Statement No. 68; a \$127.0 million increase to properly reclassify outstanding revenue bonds payable from business type activities to governmental activities; and a \$9.4 million increase to other long-term obligations to record previously unrecorded obligations.

For governmental activities, certificates of participation are being repaid approximately 18 percent from the General Fund, 35 percent from the Higher Education Special Revenue Fund, 18 percent from the Wildlife and Natural Resources (a nonmajor special revenue fund), 17 percent from the Motor Vehicle (a nonmajor special revenue fund), and the balance from various governmental funds. The compensated absences liability will be liquidated approximately 42 percent by the General Fund, 35 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 67 percent by the Risk Management Fund (an internal service fund), 10 percent by the Higher Education Special Revenue Fund, and the

balance by various other governmental funds. The other postemployment benefits obligations liability will be liquidated approximately 45 percent by the General Fund, 31 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 58 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 2015 is as follows (expressed in thousands):

<b>Business-Type Activities</b>	<b>Beginning Balance July 1, 2014 *</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2015</b>	<b>Amounts Due Within One Year</b>
<b>Long-Term Debt:</b>					
General obligation bonds payable	\$ 7,870	\$ -	\$ 3,820	\$ 4,050	\$ 4,050
Revenue bonds payable	2,009,431	658,671	814,279	1,853,823	89,178
Plus: Unamortized issuance premiums	100,203	53,300	16,021	137,482	-
Less: Deferred issuance discounts	(149)	54	-	(95)	-
<b>Total Bonds Payable</b>	<b>2,117,355</b>	<b>712,025</b>	<b>834,120</b>	<b>1,995,260</b>	<b>93,228</b>
<b>Other Liabilities:</b>					
Certificates of participation	35,328	10,386	5,864	39,850	4,302
Plus: Deferred issuance premiums	2,414	-	281	2,133	-
Claims and judgments	24,447,479	1,147,338	514,313	25,080,504	1,964,234
Lottery prize annuities payable	149,840	89,536	109,470	129,906	20,129
Tuition benefits payable	2,767,000	47,000	772,000	2,042,000	220,000
Leases	15,335	-	2,385	12,950	2,463
Compensated absences	68,671	32,773	23,942	77,502	45,807
Net pension liability	521,589	45,701	204,314	362,976	-
Other postemployment benefits obligations	174,022	44,072	-	218,094	-
Other	41,849	125,037	25,071	141,815	-
<b>Total Other Liabilities</b>	<b>28,223,527</b>	<b>1,541,843</b>	<b>1,657,640</b>	<b>28,107,730</b>	<b>2,256,935</b>
<b>Total Long-Term Debt</b>	<b>\$ 30,340,882</b>	<b>\$ 2,253,868</b>	<b>\$ 2,491,760</b>	<b>\$ 30,102,990</b>	<b>\$ 2,350,163</b>

\* Beginning balances have been adjusted as follows: a \$521.6 million increase to net pension liability as a result of implementing GASB Statement No. 68 and a \$127.0 million decrease to properly reclassify outstanding revenue bonds payable from business type activities to governmental activities.

## 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 for the purpose of making loans

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

These bonds do 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 bonds.

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

The schedule below presents the June 30, 2015, balances for the "No Commitment" debt of the state's financing authorities (expressed in thousands):

<b>Financing Authorities</b>	<b>Principal Balance</b>
Washington State Housing Finance Commission	\$ 3,419,567
Washington Higher Education Facilities Authority	759,833
Washington Health Care Facilities Authority	5,609,000
Washington Economic Development Finance Authority	682,472
<b>Total No Commitment Debt</b>	<b>\$ 10,470,872</b>

# Note 9

## Governmental Fund Balances

### A. GOVERNMENTAL FUND BALANCES

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, 2015, is as follows (expressed in thousands):

<b>Fund Balances</b>	<b>General</b>	<b>Higher Education Special Revenue</b>	<b>Higher Education Endowment</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Nonspendable:</b>					
Permanent funds	\$ -	\$ -	\$ 2,123,387	\$ 202,944	\$ 2,326,331
Consumable inventories	13,550	10,919	-	43,637	68,106
Investments	-	35,339	71,231	116	106,686
Other receivables – long-term	33,803	-	-	-	33,803
<b>Total Nonspendable Fund Balance</b>	<b>\$ 47,353</b>	<b>\$ 46,258</b>	<b>\$ 2,194,618</b>	<b>\$ 246,697</b>	<b>\$ 2,534,926</b>
<b>Restricted for: *</b>					
Higher education	\$ -	\$ 606	\$ 1,266,076	\$ 210,050	\$ 1,476,732
Education	-	-	5,349	23,987	29,336
Transportation	-	-	-	711,931	711,931
Other purposes	683	-	-	6,054	6,737
Human services	-	-	375	468,375	468,750
Wildlife and natural resources	18,890	-	-	913,494	932,384
Local grants and loans	-	-	-	260	260
School construction	627	-	-	47,867	48,494
State facilities	-	-	-	1,883	1,883
Budget stabilization	513,079	-	-	-	513,079
Debt service	-	-	-	66,726	66,726
Pollution remediation	-	-	-	99,559	99,559
Operations and maintenance	-	-	-	7,799	7,799
Repair and replacement	-	-	-	3,403	3,403
Third tier debt service	-	-	-	2,186	2,186
<b>Total Restricted Fund Balance</b>	<b>\$ 533,279</b>	<b>\$ 606</b>	<b>\$ 1,271,800</b>	<b>\$ 2,563,574</b>	<b>\$ 4,369,259</b>
<b>Committed for:</b>					
Higher education	\$ 73,261	\$ 2,765,816	\$ -	\$ 37,770	\$ 2,876,847
Education	23	-	-	2,242	2,265
Transportation	-	-	-	212,881	212,881
Other purposes	10,494	-	-	279,137	289,631
Human services	9,429	-	-	753,341	762,770
Wildlife and natural resources	12,460	-	-	395,521	407,981
Local grants and loans	-	-	-	1,098,693	1,098,693
State facilities	-	-	-	528	528
Debt service	-	-	-	314,397	314,397
<b>Total Committed Fund Balance</b>	<b>\$ 105,667</b>	<b>\$ 2,765,816</b>	<b>\$ -</b>	<b>\$ 3,094,510</b>	<b>\$ 5,965,993</b>
<b>Assigned for:</b>					
Working capital	\$ 1,014,952	\$ 16,060	\$ -	\$ -	\$ 1,031,012
<b>Total Assigned Fund Balance</b>	<b>\$ 1,014,952</b>	<b>\$ 16,060</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,031,012</b>

\*Net position restricted as a result of enabling legislation totaled \$8.5 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, 2015, the Budget Stabilization Account had restricted fund balance of \$513.1 million.

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## **Note 10**

### **Deficit Net Position**

#### **Data Processing Revolving Fund**

The Data Processing Revolving Fund, an internal service fund, had a deficit net position of \$71.8 million at June 30, 2015. 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 while 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, 2015 (expressed in thousands):

<b>Data Processing Revolving Fund</b>	<b>Net Position</b>
<b>Balance, July 1, 2014 *</b>	\$ (39,963)
Fiscal year 2015 activity	<u>(31,853)</u>
<b>Balance, June 30, 2015</b>	<b>\$ (71,816)</b>

\* Beginning balance reflects the prior period adjustment of \$41.6 million related to the implementation of GASB Statement No. 68.

### Higher Education Revolving Fund

The Higher Education Revolving Fund, an internal service fund, had a deficit net position of \$2.5 million at June 30, 2015. The Higher Education Revolving Fund is used to manage college and university support service activities such as stores, data processing, and motor pool. Additionally, beginning in fiscal year 2015, the University of Washington is using the Higher Education Revolving

Fund to allocate costs associated with its higher education supplemental retirement plan.

The Higher Education Revolving Fund is primarily supported by user charges and interest earnings. During fiscal year 2015, the University of Washington's supplemental retirement plan obligation exceeded the associated revenue, resulting in a deficit net position.

The following schedule details the change in net position for the Higher Education Revolving Fund during the fiscal year ended June 30, 2015 (expressed in thousands):

<b>Higher Education Revolving Fund</b>	<b>Net Position</b>
<b>Balance, July 1, 2014 *</b>	\$ 38,158
Fiscal year 2015 activity	(40,615)
<b>Balance, June 30, 2015</b>	<b>\$ (2,457)</b>

\* Beginning balance reflects the prior period adjustment of \$31.7 million related to the implementation of GASB Statement No. 68, and a \$1.5 million adjustment to properly record employee benefits of the University of Washington.

### Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$523.2 million at June 30, 2015. 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, 2015 (expressed in thousands):

<b>Risk Management Fund</b>	<b>Net Position</b>
<b>Balance, July 1, 2014</b>	\$ (486,165)
Fiscal year 2015 activity	(37,046)
<b>Balance, June 30, 2015</b>	<b>\$ (523,211)</b>

**State Facilities Fund**

The State Facilities Fund, a capital projects fund, had a deficit fund balance of \$165.5 million at June 30, 2015. The State Facilities Fund is used to pay for various capital projects throughout the state.

The State Facilities Fund is primarily supported by bond proceeds, income from property, and sales of property. Costs were incurred during fiscal year 2015 but the bonds to support these projects were not issued until after June 30, 2015, resulting in a deficit fund balance.

The following schedule details the change in fund balance for the State Facilities Fund during the fiscal year ended June 30, 2015 (expressed in thousands):

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<b>State Facilities Fund</b>	<b>Net Position</b>
<b>Balance, July 1, 2014 *</b>	\$ 210,592
Fiscal year 2015 activity	<u>(376,065)</u>
<b>Balance, June 30, 2015</b>	<u>\$ (165,473)</u>

\* Beginning balance reflects the prior period adjustment of \$14.4 million due to a fund reclassification.

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# Note 11

## Retirement Plans

### A. GENERAL

The state implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB) *Accounting and Financial Reporting for Pensions* for the fiscal year 2015 financial reporting. 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 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, and 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 subject to the requirements of GASB Statement No. 68 for the state as an employer, for fiscal year 2015, expressed in thousands:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 3,252,383
Pension assets	\$ (1,625,168)
Deferred outflows of resources related to pensions	\$ 524,011
Deferred inflows of resources related to pensions	\$ 2,101,352
Pension expense/expenditures	\$ 143,218

**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 3B.

**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 three 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 (Judges)
  - 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 was funded by an employer rate of 0.18 percent of employee salaries. Administration of the JRS and Judges plans is funded by means of legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of those 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 Statement 67 of the GASB. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 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 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 (on a pay as you go basis) which is administered by the state.

## **B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS**

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### **1. DRS Plans – Employer Disclosures**

The state is not an employer in SERS Plan 2/3 nor LEOFF Plan 1.

#### **Public Employees' Retirement System**

**Plan Description.** 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, 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 either, 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 section E of this note for a description of the defined contribution component of PERS Plan 3.

**Benefits Provided.** 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.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service. This is reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC. Plan 1 members may elect to receive an optional 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.

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.

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.

Effective June 7, 2006, 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; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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.

The Judicial Benefit Multiplier (JBM) Program began January 1, 2007. This 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 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.

**Contributions.** PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS 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.

Required contribution rates for fiscal year 2015 are presented in the table in section B.3 of this note.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

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, 2014, are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
<b>Total</b>	<b>100%</b>	

The inflation component used to create the above table is 2.7 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount rate.** The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. 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 7.7 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 7.5 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 (including PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

**Collective Net Pension Liability/(Asset).** At June 30, 2015, the state reported \$2.13 billion for its proportionate share of the collective net pension liability for PERS Plan 1 and \$995.9 million for PERS Plan 2/3. The state's proportion for PERS Plan 1 was 42.37 percent, an increase of 0.2 percent since the prior reporting period, and 49.27 percent for PERS Plan 2/3, an increase of 0.62 percent. The proportions are based on the state's contributions to the pension plan relative to the contributions of 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 state as an employer, calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

PERS Plan 1	
Employer's proportionate share of Net Pension Liability (Asset)	
1% Decrease	\$ 2,630,597
Current Discount Rate	\$ 2,134,189
1% Increase	\$ 1,708,072

PERS Plan 2/3	
Employer's proportionate share of Net Pension Liability (Asset)	
1% Decrease	\$ 4,153,930
Current Discount Rate	\$ 995,856
1% Increase	\$ (1,416,324)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a PERS Plan 1 pension expense of \$127.2 million, and recognized a PERS Plan

2/3 pension expense of \$165.7 million. At June 30, 2015, PERS Plan 1 and PERS Plan 2/3 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
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	266,868
Change in proportion	-	-
State contributions subsequent to the measurement date	192,106	-
<b>Total</b>	<b>\$ 192,106</b>	<b>\$ 266,868</b>

PERS Plan 2/3	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	-	1,055,617
Change in proportion	20,488	-
State contributions subsequent to the measurement date	219,054	-
<b>Total</b>	<b>\$ 239,542</b>	<b>\$ 1,055,617</b>

For PERS Plan 1, \$192.1 million, and for PERS Plan 2/3, \$219.1 million, reported 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, 2016.

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):

PERS Plan 1	
2016	\$ (66,717)
2017	\$ (66,717)
2018	\$ (66,717)
2019	\$ (66,717)
2020	\$ -
Thereafter	\$ -

PERS Plan 2/3	
2016	\$ (258,050)
2017	\$ (258,050)
2018	\$ (258,050)
2019	\$ (260,979)
2020	\$ -
Thereafter	\$ -

### Teachers' Retirement System

**Plan Description.** 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 a Plan 1 member. 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 section E of this note for a description of the defined contribution component of TRS Plan 3.

**Benefits Provided.** 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 retirement benefits 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.

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 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; or after five service credit years earned in TRS Plan 2 by July 1, 1996. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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.

The Judicial Benefit Multiplier (JBM) Program began January 1, 2007. This 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 chose 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 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.

**Contributions.** TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute.

Members in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from TRS-covered employment.

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.

Required contribution rates for fiscal year 2015 are presented in the table in section B.3 of this note.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to the June 30, 2014, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

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, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
<b>Total</b>	<b>100%</b>	

The inflation component used to create the above table is 2.7 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. 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 7.7 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 7.5 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 (including TRS Plan 2/3, whose rates include a component for the TRS Plan 1 liability). 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

**Collective Net Pension Liability/(Asset).** At June 30, 2015, the state reported a liability of \$22.9 million for its proportionate share of the collective net pension liability for TRS Plan 1 and \$1.9 million for TRS Plan 2/3. The state's proportion for TRS Plan 1 was 0.78 percent, an increase of 0.02 percent since the prior reporting period, and 0.59 percent for TRS Plan 2/3, an increase of 0.16 percent. The proportions are based on the state's contributions to the pension plan relative to the contributions of 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 state as an employer, calculated using the discount rate of 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

TRS Plan 1		
Employer's proportionate share of Net Pension Liability (Asset)		
1% Decrease	\$	29,499
Current Discount Rate	\$	22,924
1% Increase	\$	17,279

TRS Plan 2/3		
Employer's proportionate share of Net Pension Liability (Asset)		
1% Decrease	\$	16,631
Current Discount Rate	\$	1,913
1% Increase	\$	(9,026)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a TRS Plan 1 pension expense of \$1.9 million, and recognized a TRS Plan 2/3 pension expense of \$1.6 million. At June 30, 2015, TRS Plan 1 and TRS Plan 2/3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

TRS 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	-	4,020
Change in proportion	-	-
State contributions subsequent to the measurement date	1,921	-
<b>Total</b>	<b>\$ 1,921</b>	<b>\$ 4,020</b>

TRS Plan 2/3	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	-	4,391
Change in proportion	1,410	-
State contributions subsequent to the measurement date	1,933	-
<b>Total</b>	<b>\$ 3,343</b>	<b>\$ 4,391</b>

For TRS Plan 1, \$1.9 million, and for TRS Plan 2/3, \$1.9 million reported 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, 2016.

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):

TRS Plan 1	
2016	\$ (1,005)
2017	\$ (1,005)
2018	\$ (1,005)
2019	\$ (1,005)
2020	\$ -
Thereafter	\$ -

TRS Plan 2/3	
2016	\$ (791)
2017	\$ (791)
2018	\$ (791)
2019	\$ (791)
2020	\$ 183
Thereafter	\$ -

### Law Enforcement Officers' and Fire Fighters' Retirement System

**Plan Description.** 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, firefighters, 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.

**Benefits Provided.** 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.

**Contributions.** 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 to fully fund the plans. Starting on July 1, 2000, Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. 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 Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2014, the state contributed \$55.6 million to LEOFF Plan 2.

Beginning in 2011, when state General Fund revenues increase by at least 5 percent over the prior biennium's revenues, the State Treasurer will transfer, subject to legislative appropriation, specific amounts into a Local Public Safety Enhancement Account. Half of this transfer will be proportionately distributed to all jurisdictions with LEOFF Plan 2 members. The other half will be transferred to a LEOFF Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF Plan 2 members. However, this special funding situation is not mandated by the State Constitution and this funding requirement could be returned to the employers by a change of statute.

Required contribution rates for fiscal year 2015 are presented in the table in section B.3 of this note.

The state is not an employer in LEOFF Plan 1 plan; 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 Section B.2 of this note for nonemployer contributing entity disclosures.

The following information applies to the state as a LEOFF Plan 2 employer.

**Actuarial Assumptions.** The total net pension asset was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to the June 30, 2014, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to

fifteen year period, becomes amplified over a fifty-year measurement period.

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, 2014, are summarized in the following table:

Asset Class	Target	Long-Term Expected
	Allocation	Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	100%	

The inflation component used to create the above table is 2.7 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. 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 7.7 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 7.5 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

**Collective Net Pension Liability/(Asset).** At June 30, 2015, the state reported an asset of \$11.2 million for its proportionate share of the collective net pension asset for LEOFF Plan 2. The state's proportion for LEOFF Plan 2 was 0.84 percent, a decrease of 0.01 percent since the prior reporting period. The proportions are based on the state's contributions to the pension plan relative to the contributions of all

participating employers and the nonemployer contributing entity.

**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.** The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

LEOFF Plan 2 Employer's proportionate share of Net Pension Liability (Asset)	
1% Decrease	\$ 4,782
Current Discount Rate	\$ (11,175)
1% Increase	\$ (23,151)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a LEOFF Plan 2 pension expense of \$(554) thousand. At June 30, 2015, LEOFF Plan 2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

LEOFF Plan 2	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	-	5,913
Change in proportion	15	-
State contributions subsequent to the measurement date	1,250	-
Total	\$ 1,265	\$ 5,913

For LEOFF Plan 2, \$1.3 million reported 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, 2016.

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 2		
2016	\$	(1,475)
2017	\$	(1,475)
2018	\$	(1,475)
2019	\$	(1,475)
2020	\$	2
Thereafter	\$	-

### Public Safety Employees' Retirement System

**Plan Description.** 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 Control 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.

**Benefits Provided.** 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 credit, or at age 53 with 20 years of service. A cost of living allowance (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.

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.

**Contributions.** PSERS defined benefit retirement benefits are financed from a combination of

investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. The methods used to determine contribution requirements are established under state statute.

Members in PSERS Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PSERS-covered employment.

Required contribution rates for fiscal year 2015 are presented in the table in section B.3 of this note.

**Actuarial Assumptions.** The total net pension asset was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to the June 30, 2014, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

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, 2014, are summarized in the following table:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
Total	100%	

The inflation component used to create the above table is 2.7 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. 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 7.7 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 7.5 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 (including PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers whose rates include a component for the PERS Plan 1 liability). 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

**Collective Net Pension Liability/(Asset).** At June 30, 2015, the state reported an asset of \$7.0 million for its proportionate share of the collective net pension asset for PSERS Plan 2. The state's proportion for PSERS Plan 2 was 48.26 percent, an increase of 0.36 percent since the prior reporting period. The proportions are based on the state's contributions to the pension plan relative to the contributions of 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 state as an employer, calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

PSERS Plan 2	
Employer's proportionate share of Net Pension Liability (Asset)	
1% Decrease	\$ 39,052
Current Discount Rate	\$ (6,988)
1% Increase	\$ (39,678)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a PSERS Plan 2 pension expense of \$9.2 million. At June 30, 2015, PSERS Plan 2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

PSERS Plan 2	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	-	10,425
Change in proportion	16	-
State contributions subsequent to the measurement date	8,965	-
<b>Total</b>	<b>\$ 8,981</b>	<b>\$ 10,425</b>

For PSERS Plan 2, \$9.0 million reported 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, 2016.

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):

PSERS Plan 2	
2016	\$ (2,603)
2017	\$ (2,603)
2018	\$ (2,603)
2019	\$ (2,603)
2020	\$ 3
Thereafter	\$ -

### Washington State Patrol Retirement System

**Plan Description.** 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 Section B.3 of this note.

**Benefits Provided.** WSPRS plans provide retirement and death benefits to eligible members.

There is no vesting requirement for active WSPRS members. Inactive 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.

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.

**Contributions.** WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates, subject to revision by the Legislature. The preliminary employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan. The methods used to determine contribution requirements are established under state statute.

Members in WSPRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from WSPRS-covered employment.

Required contribution rates for fiscal year 2015 are presented in the table in section B.3 of this note.

**Actuarial Assumptions.** The total net pension asset was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to the June 30, 2014, measurement date using the following actuarial

assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Investment rate of return	7.50%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen year period, becomes amplified over a fifty-year measurement period.

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, 2014, are summarized in the following table:

Asset Class	Target	Long-Term Expected
	Allocation	Real Rate of Return
Fixed Income	20%	0.80%
Tangible Assets	5%	4.10%
Real Estate	15%	5.30%
Global Equity	37%	6.05%
Private Equity	23%	9.05%
<b>Total</b>	<b>100%</b>	

The inflation component used to create the above table is 2.7 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent, the same as the prior measurement date. 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 7.7 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 7.5 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 7.5 percent on pension plan investments was applied to determine the total pension liability.

Refer to the table in section B.3 of this note for the change in net pension liability.

**Net Pension Liability/(Asset).** At June 30, 2015, the state reported a net pension asset of \$26.0 million.

**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.** The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.5 percent, as well as what the employers' net pension

liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

WSPRS Plan 1/2		
Net Pension Liability (Asset)		
1% Decrease	\$	156,101
Current Discount Rate	\$	(26,003)
1% Increase	\$	(168,669)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a WSPRS pension expense of \$(5.4) million. At June 30, 2015, the WSPRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

WSPRS Plan 1/2	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	-	85,154
Change in proportion	-	-
State contributions subsequent to the measurement date	6,680	-
<b>Total</b>	<b>\$ 6,680</b>	<b>\$ 85,154</b>

For WSPRS 1/2, \$6.7 million reported 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, 2016.

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):

WSPRS Plan 1/2		
2016	\$	(21,288)
2017	\$	(21,288)
2018	\$	(21,288)
2019	\$	(21,290)
2020	\$	-
Thereafter	\$	-

## Judges' Retirement Fund

**Plan Description.** The Judges' Retirement Fund 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.

Judges' Retirement Fund 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 Section B.3 of this note.

**Benefits Provided.** Judges' Retirement Fund provides retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. The system was closed to new entrants on August 8, 1971, with new judges joining the Judicial Retirement System.

**Contributions.** There are no active members remaining in the Judges' Retirement Fund. Past contributions were made based on rates set in statute. By statute, employees were required to contribute 6.5 percent of covered payroll with an equal amount contributed by the state.

Retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings and employer contributions. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For fiscal year 2014, no such appropriations or contributions were made.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2013 with the results rolled forward to the June 30, 2014 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	4.00%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** Contributions are made to the Judges' Retirement Fund to ensure cash is available to make benefit payments. Since this plan is 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 4.29 percent for the June 30, 2014 measurement date. Refer to the table in section B.3 of this note for the change in net pension liability.

**Net Pension Liability/(Asset).** At June 30, 2015, the state reported a net pension liability of \$2.2 million.

**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.** The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 4.29 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate (expressed in thousands).

Judges'	
Net Pension Liability (Asset)	
1% Decrease	\$ 2,358
Current Discount Rate	\$ 2,191
1% Increase	\$ 2,075

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a Judges' Retirement Fund pension expense of \$98 thousand. At June 30, 2015, the Judges' Retirement Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

Judges'	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	32	-
Change in proportion	-	-
State contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 32</b>	<b>\$ -</b>

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):

Judges'	
2016	\$ 8
2017	\$ 8
2018	\$ 8
2019	\$ 8
2020	\$ -
Thereafter	\$ -

### Judicial Retirement System

**Plan Description.** The Judicial Retirement System (JRS) was established by the Legislature in 1971. 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.

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 Section B.3 of this note.

**Benefits Provided.** 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 at the age of 60 after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service. 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+	3.5%
10-14	3.0%

**Contributions.** JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings, employer contributions, and employee contributions.

Past contributions were made based on rates set in statute. By statute, employees were required to contribute 7.5 percent of covered payroll with an equal amount contributed by the state.

JRS member contributions to the plan are not refundable.

The state guarantees the solvency of JRS on a pay-as-you-go basis. Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For fiscal year 2014, the state contributed \$10.6 million.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2013, with the results rolled forward to the June 30, 2014, 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	4.00%

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 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, 2013, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2013 actuarial valuation report.

There were no material changes in assumptions, benefit terms or method changes for the reporting period.

**Discount Rate.** Contributions are made to JRS to ensure cash is available to make benefit payments. Since this plan is 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 4.29 percent for the June 30, 2014, measurement date.

Refer to the table in section B.3 of this note for the change in net pension liability.

**Net Pension Liability/(Asset).** At June 30, 2015, the state reported a net pension liability of \$95.3 million.

**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.** The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 4.29 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (3.29 percent) or 1 percentage point higher (5.29 percent) than the current rate (expressed in thousands).

JRS	
Net Pension Liability (Asset)	
1% Decrease	\$ 104,668
Current Discount Rate	\$ 95,310
1% Increase	\$ 87,377

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state recognized a JRS pension expense of \$4.2 million. At June 30, 2015, JRS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

JRS	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	-	-
Change in proportion	122	-
State contributions subsequent to the measurement date	10,600	-
<b>Total</b>	<b>\$ 10,722</b>	<b>\$ -</b>

For JRS, \$10.6 million reported 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, 2016.

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):

JRS		
2016	\$	31
2017	\$	31
2018	\$	30
2019	\$	30
2020	\$	-
Thereafter	\$	-

## 2. DRS Plans – Nonemployer Contributing Entity Disclosures

For fiscal year 2015, 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. Section B.1 of this note 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, 2014 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 2014, 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, 2014, measurement date. In this plan, the state is an employer and also 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 2014, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 39.52 percent based on total plan contributions received in fiscal year 2014.

**Collective Net Pension Liability/(Asset).** At June 30, 2015, the state as nonemployer contributing entity reported a net pension asset of \$1.06 billion and \$524.4 million for its proportionate share of the collective net pension asset for LEOFF Plan 1 and LEOFF Plan 2 respectively. The nonemployer contributing entity's proportion for LEOFF Plan 1 was 87.12 percent, the same as the prior reporting period, and 39.52 percent for LEOFF Plan 2, a decrease of 0.20 percent. 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 2014 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate (expressed in thousands).

LEOFF Plan 1	
Nonemployer contributing entity proportionate share of Net Pension Liability (Asset)	
1% Decrease	\$ (661,311)
Current Discount Rate	\$ (1,056,583)
1% Increase	\$ (1,392,526)

<b>LEOFF Plan 2</b>	
<b>Nonemployer contributing entity proportionate share of Net Pension Liability (Asset)</b>	
1% Decrease	\$ 224,422
Current Discount Rate	\$ (524,419)
1% Increase	\$ (1,086,375)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended June 30, 2015, the state as nonemployer contributing entity recognized \$(134.6) million pension expense for LEOFF Plan 1 and \$(25.9) million pension expense for LEOFF Plan 2.

At June 30, 2015, the state as nonemployer contributing entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

<b>LEOFF Plan 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	391,493
Change in proportion	-	-
State contributions subsequent to the measurement date	52	-
<b>Total</b>	<b>\$ 52</b>	<b>\$ 391,493</b>

<b>LEOFF Plan 2</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	277,471
Change in proportion and difference between state contributions and proportionate share of contributions	693	-
State contributions subsequent to the measurement date	58,674	-
<b>Total</b>	<b>\$ 59,367</b>	<b>\$ 277,471</b>

For LEOFF Plan 1, \$52 thousand, and for LEOFF Plan 2, \$58.7 million, reported 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, 2016.

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):

<b>LEOFF Plan 1</b>	
2016	\$ (97,873)
2017	\$ (97,873)
2018	\$ (97,873)
2019	\$ (97,874)
2020	\$ -
Thereafter	\$ -

<b>LEOFF Plan 2</b>	
2016	\$ (69,239)
2017	\$ (69,239)
2018	\$ (69,239)
2019	\$ (69,239)
2020	\$ 128
Thereafter	\$ 50

### 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, 2013, the date of the latest actuarial valuation for all plans:

Plans	Number of Participating Members			Total Members
	Inactive Members (Or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled To But Not Yet Receiving Benefits	Active Members	
WSPRS 1	964	119	657	1,740
WSPRS 2	-	10	409	419
JRS	114	-	-	114
Judges	12	-	-	12
<b>Total</b>	<b>1,090</b>	<b>129</b>	<b>1,066</b>	<b>2,285</b>

**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, 2013, the date of the latest actuarial valuation for all plans (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS	JRS	Judges
<b>TOTAL PENSION LIABILITY</b>			
Service cost	\$ 18,041	\$ -	\$ -
Interest	75,249	4,319	137
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(47,510)	(9,480)	(444)
<b>Net Change in Total Pension Liability</b>	<b>45,780</b>	<b>(5,161)</b>	<b>(307)</b>
<b>Total Pension Liability--Beginning</b>	<b>1,026,644</b>	<b>105,502</b>	<b>3,453</b>
<b>Total Pension Liability --Ending (a)</b>	<b>\$ 1,072,424</b>	<b>\$ 100,341</b>	<b>\$ 3,146</b>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions--employer	\$ 6,587	\$ 10,600	\$ -
Contributions--employee	6,555	-	-
Net investment income	176,856	25	7
Benefit payments, including refunds of member contributions	(47,510)	(9,480)	(444)
Administrative expense	(84)	-	-
Other	509	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>142,913</b>	<b>1,145</b>	<b>(437)</b>
<b>Plan Fiduciary Net Position--Beginning</b>	<b>955,514</b>	<b>3,886</b>	<b>1,392</b>
<b>Plan Fiduciary Net Position--Ending (b)</b>	<b>\$ 1,098,427</b>	<b>\$ 5,031</b>	<b>\$ 955</b>
<b>Plan's Net Pension Liability (Asset)--Beginning</b>	<b>\$ 71,130</b>	<b>\$ 101,616</b>	<b>\$ 2,061</b>
<b>Plan's Net Pension Liability (Asset)--Ending (a) - (b)</b>	<b>\$ (26,003)</b>	<b>\$ 95,310</b>	<b>\$ 2,191</b>

**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 the fiscal year 2015, were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
<b>PERS</b>						
<b>Employees Not Participating in JBM</b>						
State agencies, local governmental units	5.03%	5.03%	5.03%	6.00%	4.92%	**
Administrative fee	0.18%	0.18%	0.18%			
PERS Plan 1 UAAL	4.00%	4.00%	4.00%			
Total	9.21%	9.21%	9.21%			*
State govt elected officials	9.55%	5.03%	5.03%	7.50%	4.92%	**
Administrative fee	0.18%	0.18%	0.18%			
PERS Plan 1 UAAL	4.00%	4.00%	4.00%			
Total	13.73%	9.21%	9.21%			*
<b>Employees Participating in JBM</b>						
State agencies	7.53%	7.53%	7.53%	9.76%	9.80%	7.50%***
Administrative fee	0.18%	0.18%	0.18%			
PERS Plan 1 UAAL	4.00%	4.00%	4.00%			
Total	11.71%	11.71%	11.71%			*
Local governmental units	5.03%	5.03%	5.03%	12.26%	12.30%	7.50%***
Administrative fee	0.18%	0.18%	0.18%			
PERS Plan 1 UAAL	4.00%	4.00%	4.00%			
Total	9.21%	9.21%	9.21%			*
<b>TRS</b>						
<b>Employees Not Participating in JBM</b>						
State agencies, local governmental units	5.73%	5.73%	5.73%	6.00%	4.96%	**
Administrative fee	0.18%	0.18%	0.18%			
TRS Plan 1 UAAL	4.48%	4.48%	4.48%			
Total	10.39%	10.39%	10.39%			*
State govt elected officials	5.73%	5.73%	5.73%	7.50%	4.96%	**
Administrative fee	0.18%	0.18%	0.18%			
TRS Plan 1 UAAL	4.48%	4.48%	4.48%			
Total	10.39%	10.39%	10.39%			*
<b>Employees Participating in JBM</b>						
State agencies	10.21%	N/A	N/A	9.76%	N/A	N/A
Administrative fee	0.18%	N/A	N/A			
Total	10.39%					
<b>LEOFF</b>						
Ports and universities	N/A	8.41%	N/A	N/A	8.41%	N/A
Administrative fee	N/A	0.18%	N/A			
Total		8.59%				
Local governmental units	N/A	5.05%	N/A	N/A	8.41%	N/A
Administrative fee	0.18%	0.18%	N/A			
Total	0.18%	5.23%				
State of Washington	N/A	3.36%	N/A	N/A	N/A	N/A
<b>WSPRS</b>						
State agencies	7.91%	7.91%	N/A	6.59%	6.59%	N/A
Administrative fee	0.18%	0.18%	N/A			
Total	8.09%	8.09%				
<b>PSERS</b>						
State agencies, local governmental units	N/A	6.36%	N/A	N/A	6.36%	N/A
Administrative fee	N/A	0.18%	N/A			
PSERS Plan 1 UAAL	N/A	4.00%	N/A			
Total		10.54%				

\* 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, 2015, there were approximately 500 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, 2015 (the date of the latest valuation), VFFRPF membership consisted of the following:

<b>Plan Membership</b>	
Inactive plan members or beneficiaries currently receiving benefits	4,208
Inactive plan members entitled to but not yet receiving benefits	6,092
Active plan members	10,093
<b>Total membership</b>	<b>20,393</b>

**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 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, 2015.

**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 2015, the fire insurance premium tax contribution was \$5.9 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 2015 were the following:

	<b>EMSD &amp;</b>	
	<b>Firefighters</b>	<b>Reserve Officers</b>
Member fee	\$ 30	\$ 30
Municipality fee	30	105
<b>Total fee</b>	<b>\$ 60</b>	<b>\$ 135</b>

**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 3B.

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 3F.

**Rate of Return.** For the year ended June 30, 2015, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was 4.05 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, 2015, were as follows (dollars expressed in thousands):

<b>Pension Liability</b>	
Total pension liability	\$ 188,584
Plan fiduciary net position	(207,855)
Participating municipality net pension liability (asset)	<u>\$ (19,271)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.22%</u>

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.00%
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 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, 2014, valuation were based on the results of the 2007-2012 Experience Studies. Additional assumptions for subsequent events and law changes are current as of the 2014 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 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.

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

WSIB's long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, adjusted to remove (or dampen) any short-term changes to WSIB's CMAs that we don't expect over the entire fifty-year measurement period.

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, 2015, are summarized in the following table:

	<b>Target</b>	<b>Long-Term Expected</b>
<b>Asset Class</b>	<b>Allocation</b>	<b>Real Rate of Return</b>
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
<b>Total</b>	<b>100%</b>	

The inflation component used to create the above table is 2.2 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

In consultation with OST, OSA selected a 4 percent long-term investment rate of return on assets managed by OST. Based upon the investment portfolio, this assumption was calculated as 100 basis points above OSA's current assumption for total inflation of 3 percent.

As the VFFRPF has assets managed by both WSIB and OST, the long-term expected rate of return of 7 percent represents an approximate weighted-average of the assets managed by WSIB (7.5 percent expected return) and the assets managed by OST (4 percent expected return).

**Discount Rate.** The discount rate used to measure the total pension liability was 7 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 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 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.

**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 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 percent) or 1 percentage point higher (8 percent) than the current rate (expressed in thousands):

<b>Municipalities' Net Pension Liability (Asset)</b>	
1% Decrease	\$ 6,577
Current Discount Rate	\$ (19,271)
1% Increase	\$ (40,137)

#### **D. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLANS**

The Higher Education Defined Contribution Retirement Plans, described in Note 11.E, have a supplemental payment component, which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component, which was closed to new entrants as of July 1, 2011, 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.

An actuarial valuation of the supplemental component of the Higher Education Retirement plans was done at the end of fiscal year 2015. The previous valuation was performed in 2013.

The Unfunded Actuarial Accrued Liability (UAL) calculated as of June 30, 2015, and 2013, was \$596.7 million and \$460.8 million, respectively, and is amortized over an 10 year period. The Annual Required Contribution (ARC) of \$85.8 million includes amortization of the UAL (\$60.3 million) and normal cost or current cost (\$23.8 million).

The UAL and ARC were established using the entry age normal cost method. The actuarial assumptions included an investment rate of return of 4 percent and projected salary increases of 3.75 percent. Approximately \$1.81 billion and \$1.76 billion of payroll were covered under these plans during the valuation periods 2015 and 2013, respectively.

The following table reflects the activity in the Net Pension Obligation (NPO) for the years ended June 30 (expressed in millions):

<b>Net Pension Obligation</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Annual required contribution	\$ 85.8	\$ 63.8	\$ 63.8
Payments to beneficiaries	(6.5)	(5.6)	(4.9)
Increase (decrease) in NPO	79.3	58.2	58.9
NPO at beginning of year	328.6	270.3	211.4
NPO at end of year	\$ 407.9	\$ 328.5	\$ 270.3

## **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 section B of this note 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 percent 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 section B of this note 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 percent 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, 2015, there were five active members and 147 inactive members 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 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 2015 the state recognized pension expense for contributions of \$20 thousand made to employee accounts. No plan refunds were made.

The Administrator of JRA has entered an agreement with DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, 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 colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 5 percent to 10 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 2015 employer and employee contributions were \$194.0 and \$193.8 million respectively, for a total of \$387.8 million.

## Note 12

### Other Postemployment Benefits

In addition to pension benefits as described in Note 11, the state, through the Health Care Authority (HCA), administers an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan.

#### Plan Description and Contributions Information

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 and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. 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.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 66 of the state's K-12 schools and educational service districts (ESDs), and 227 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 245 K-12 schools and ESDs. As of June 2015, membership in the PEBB plan consisted of the following:

	Active		Total
	Employees	Retirees <sup>(1)</sup>	
State	108,899	30,640	139,539
K-12 schools and ESDs <sup>(2)</sup>	2,561	32,993	35,554
Political subdivisions	12,571	1,687	14,258
<b>Total</b>	<b>124,031</b>	<b>65,320</b>	<b>189,351</b>

<sup>1)</sup> Retirees include retired employees, surviving spouses, and terminated members entitled to a benefit.

<sup>(2)</sup> In fiscal year 2015, there were 106,879 full-time equivalent active employees in the 245 K-12 schools and ESDs that elected to limit participation in PEBB only to their retirees.

For calendar year 2015, the estimated monthly cost for PEBB benefits for active employees (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium <sup>(3)</sup>	
Medical	\$ 965
Dental	81
Life	4
Long-term disability	2
<b>Total</b>	<b>\$ 1,052</b>
Employer contribution	\$ 910
Employee contribution	142
<b>Total</b>	<b>\$ 1,052</b>

<sup>(3)</sup> Per 2015 Index Rate Model 7.5.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire 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: PERS, PSERS, TRS, SERS, WSPRS, and Higher Education.

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 2014, the average weighted implicit subsidy was valued at \$291 per member per month, and in calendar year 2015, the average weighted implicit subsidy is projected to be \$308 per member 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 2014, the explicit subsidy was up to \$150 per member per month, and it remained up to \$150 per member per month in calendar year 2015.

Administrative costs as well as implicit and explicit subsidies are funded by required contributions from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. In calendar year 2015, the cost of the subsidies was approximately 6.0 percent of the cost of benefits for active employees. The benefits are funded on a pay-as-you-go basis.

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:

[http://osa.leg.wa.gov/Actuarial\\_services/OPEB/OPEB.htm](http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm).

### Summary of Significant Accounting Policies

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported by the state as an agency fund using the accrual basis. It has no assets. The PEBB OPEB plan does not issue a publically available financial report.

### Annual OPEB Cost and Net OPEB Obligation

The state's (general government agencies and higher education institutions) annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the state as the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following tables show the components of the state's annual OPEB cost for fiscal year 2015 and changes in the state's Net OPEB Obligation (NOO) (expressed in thousands). All contributions required by the funding method were paid.

Annual required contribution	\$	498,399
Interest on net OPEB obligation		75,783
Amortization of net OPEB obligation		(71,806)
Annual OPEB cost (expense)		502,376
Contributions made*		(74,055)
Increase in net OPEB obligation		428,321
Net OPEB obligation - beginning of year		1,894,567
Net OPEB obligation - end of year*	\$	2,322,888
*estimated		

The state's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014, and 2013 were as follows (dollars expressed in thousands):

	2015	2014	2013
Annual OPEB cost	\$ 502,376	\$ 358,442	\$ 347,033
% of annual OPEB cost contributed	14.70%	21.70%	19.90%
Net OPEB obligation	\$ 2,322,888	\$ 1,894,567	\$ 1,613,775

### Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015, the latest date for which information is available, was as follows (expressed in thousands):

Actuarial accrued liability (AAL)	\$	5,273,530
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	5,273,530
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	6,218,744
UAAL as a percentage of covered payroll		84.80%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (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 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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions were as follows:

Actuarial valuation date	January 1, 2015
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Closed, level percentage of projected payroll amortization method
Remaining amortization period	30 years for each new layer of NOO
Asset valuation method	N/A - no assets
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.75%
Health care inflation rate	8.0% initial rate, 4.9% ultimate rate in 2094
Inflation rate	3.0%

## 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, 2015 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2015		Notional amount (in gallons)
	Classification	Amount	Classification	Amount	
<b>Governmental Activities</b>					
Cash Flow Hedges:					
	Deferred		Accounts		
Commodity Swaps	Outflow	\$ 5,008	Payable	\$ 5,008	9,072

The commodity swaps noted above were reviewed for hedge accounting and were deemed effective using the regression analysis method.

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.

### 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

### Significant Terms

The significant terms of active hedges WSF entered into during fiscal year 2015 are presented in the table below:

Type	Counterparty	Contract price range per gallon	Variable rate received	Trade date	Settlement period	Monthly notional amount (in gallons)
Commodity Swap	Cargill	\$2.89 - \$2.93	NYMEX ULSD Heating Oil	7/11/2014	9/2014 - 6/2015	252,000
Commodity Swap	Cargill	\$2.83 - \$2.85	NYMEX ULSD Heating Oil	8/18/2014	9/2014 - 6/2015	252,000
Commodity Swap	Cargill	\$2.80 - \$2.82	NYMEX ULSD Heating Oil	9/9/2014	10/2014 - 6/2015	252,000
Commodity Swap	Cargill	\$2.71 - \$2.75	NYMEX ULSD Heating Oil	9/25/2014	10/2014 - 6/2015	252,000
Commodity Swap	Cargill	\$2.76 - \$2.82	NYMEX ULSD Heating Oil	9/9/2014	7/2015 - 6/2016	252,000
Commodity Swap	Cargill	\$2.74 - \$2.79	NYMEX ULSD Heating Oil	9/25/2014	7/2015 - 6/2016	252,000
Commodity Swap	Cargill	\$1.94	NYMEX ULSD Heating Oil	12/30/2014	7/2015 - 6/2016	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 Non-major 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, 2015, credit ratings of the state's counterparty were as follows:

Counterparty	Standard		
	Moody's	& Poor's	Fitch
Cargill	A2	A	A

# Note 14

## Commitments and Contingencies

### A. CAPITAL COMMITMENTS

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Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$2.42 billion at June 30, 2015.

### B. ENCUMBRANCES

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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. 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 2015 are (expressed in thousands):

General Fund	\$ 29,750
Higher Education Special Revenue Fund	169
Nonmajor Governmental Funds	530,924

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### C. SUMMARY OF SIGNIFICANT LITIGATION

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#### 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, 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. Claims include: funding inadequacies and inequities in basic education; inadequate funding for care of the disabled, and elderly; and inadequate funding for the provision of, daily personal care, medical and mental health services to children, the elderly, and the disabled. Collective claims in these programmatic and service cases exceed \$35 million exclusive of the basic education case, which will be substantial but is difficult to quantify at this juncture. In addition, adverse rulings in some of these cases could result in significant future costs.

The state is also a defendant in a number of cases contesting: the denial of health care benefits to seasonal and part-time state employees, the methodologies used to calculate reimbursement rates to certain health care providers, and the scope of covered care. Claims in this category exceed \$150 million.

The Department of Revenue routinely has claims for refunds or exemptions in various stages of administrative and legal review. Cases involving such claims currently total approximately \$50 million, though an adverse ruling could result in additional claims being brought by similarly situated taxpayers.

The state is a defendant in a number of lawsuits related to: habitat restoration and environmental remediation arising out of highway/roadway construction and maintenance. While estimates are not available for all lawsuits, claims for damages equate to approximately \$155 million per annum.

The state is a defendant in a number of lawsuits by employees and other entities alleging various infractions of law or contract. These suits claim back pay, damages, or future entitlements valued at approximately \$150 million.

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. Washington's annual payment under the settlement was approximately \$109.2 million in fiscal year 2015. Beginning in 2008, Washington received the first of ten "strategic contribution payments" under the MSA. This payment is subject to the same offsets, reductions, and adjustments as are applicable to the annual base payment. The fiscal year 2015 strategic contribution payment was approximately \$37 million.

In 2006, 2007, 2008, and 2009, determinations were made that disadvantages experienced by manufacturers as a result of participating in the MSA were a "significant factor" contributing to market share losses by those manufacturers. These determinations related to sales data for the years 2003, 2004, 2005, and 2006.

With respect to 2003 sales data, Washington and a number of other states participated in a single national arbitration of the nonparticipating manufacturer (NPM) adjustment dispute. In late 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. Of the 15 states that went to an arbitration hearing, only nine were found to have diligently enforced. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received due to the release of amounts placed in the MSA Disputed Payment Account (DPA) related to the 2003 calendar year. More importantly, if Washington had not prevailed in the arbitration, its fiscal year 2014 payment would have been reduced by approximately \$100 million due to the application of the NPM adjustment.

The panel's decision addressed only the 2003 calendar year. Washington and other states are engaged in negotiations with participating manufacturers regarding potential arbitration proceedings involving the 2004 calendar year. Washington faces a potential "nonparticipating manufacturer (NPM) adjustment" in its share of between \$0 and \$137 million for the year 2004, \$0 and \$131 million for the year 2005, and \$0 and \$119 million for the year 2006.

In addition, the states and the participating manufacturers have entered into an agreement under which the states will not contest that the disadvantages experienced by manufacturers as a result of participating in the MSA were a significant factor contributing to market share losses for the years 2007 through 2013. Washington faces potential NPM adjustments that put at risk Washington's entire MSA payment. For example, the potential NPM adjustment for the year 2007 is between \$0 and \$123 million, and for the year 2008, it is between \$0 and \$173 million.

#### **D. FEDERAL ASSISTANCE**

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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**

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##### **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 \$9.33 billion at June 30, 2015. 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 treasurer 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. GUARANTEED EDUCATION TUITION (GET) LOSS CONTINGENCY**

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Engrossed Second Substitute Senate Bill (E2SSB) 5954 was signed into law by the Governor on July 6, 2015, establishing the College Affordability Program. It reduces tuition at all public institutions of higher education during the next two years and limits tuition growth in future years. Subsequent to the passage of E2SSB 5954, the State Guaranteed Education Tuition (GET) Program Committee authorized account holders, upon request, to receive a refund of their contributions or a fixed payout value, whichever is greater. Account holders have until December 15, 2016, to request a refund. The financial impact of this action cannot reasonably be estimated as of the date of these financial statements.

## H. OTHER COMMITMENTS AND CONTINGENCIES

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### 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, 2015, outstanding certificates of participation notes totaled \$81.2 million for 150 local governments participating in LOCAL. The state estimates that the LOCAL program liability, if any, will be immaterial to its overall financial condition.

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## Note 15 Subsequent Events

### A. BOND ISSUES

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In September 2015, the state issued:

- \$188.0 million in motor vehicle fuel tax general obligation bonds for funding various transportation projects.
- \$188.3 million in general obligation refunding bonds for the purpose of refunding certain various purpose general obligation bonds of the state.
- \$443.8 million in general obligation bonds for various state capital projects.
- \$51.1 million in general obligation (green bonds) to fund certain projects which have been identified as environmentally beneficial.
- \$60.6 million in taxable general obligation bonds for capital projects and loan programs for low-income housing and various energy efficiency and renewable energy projects.

In September 2015, the University of Washington issued \$159.2 million in general revenue and refunding bonds and \$36.4 million in general revenue and

refunding taxable bonds to refund Northwest Hospital commercial papers, fund Denny Hall, animal care and research facilities, SW campus central utility plant, and other internal lending program projects.

Also in September 2015, the University of Washington through Washington Biomedical Research Properties 3.2, a blended component unit, issued \$132.1 million in lease revenue bonds to fund the design, construction, and equipping of a new biomedical research facility.

In September 2015, The Evergreen State College issued \$4.1 million in revenue refunding bonds to refund housing revenue bonds.

Later in the 2015 calendar year, Washington State University is planning to issue approximately \$40.0 million in general revenue bonds to construct a Student Union Building on the Tri-Cities campus and renovate the bookstore building.

### B. CERTIFICATES OF PARTICIPATION

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In September 2015, the state issued \$57.6 million in Certificates of Participation.

In October 2015, the state issued \$134.6 million in Certificates of Participation and \$23.4 million in refunding Certificates of Participation.

### **C. GENERAL ELECTION**

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There is an initiative on the state's November 3, 2015, general election ballot that addresses state taxes. This measure would reduce the state retail sales tax by 1 percent unless the Legislature refers to voters a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes and legislative approval for fee increases. If passed, the measure could impact the state fiscally.

Election results are not final or official until certified. By law December 3, 2015, is the last day for the Office of the Secretary of State to certify General Election returns.

Information is posted on the Secretary of State's website at <http://www.sos.wa.gov>.

### **D. LEGISLATION ENACTED SUBSEQUENT TO YEAR END**

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Engrossed Second Substitute Senate Bill (E2SSB) 5954 was signed into law by the Governor on July 6, 2015, establishing the College Affordability Program. It reduces tuition at all public institutions of higher education during the next two years and limits tuition growth in future years. E2SSB 5954 and subsequent decisions of the State Guaranteed Education Tuition (GET) Program Committee are significantly impacting the state's GET Program. Subsequent to June 30, 2015, the GET Committee directed the Program to:

- Refund approximately \$75.0 million in amortization fees to account holders. The liability for these refunds is recognized as of June 30, 2015.

- Beginning September 2, 2015, through December 15, 2016, allow permit account holders, upon request, to receive a refund of their contributions or a fixed payout value, whichever is greater, without the usual penalties, fees, and minimum holding period. The financial impact of this action cannot reasonably be estimated as of the date of these financial statements.

Information about the State Guaranteed Education Tuition Program can be found at <http://www.get.wa.gov>.

### **E. STATE SUPREME COURT ORDER**

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Washington continues to face the requirements of the state Supreme Court 2012 McCleary ruling that found that the state has failed to meet its constitutional requirement to amply fund basic education. Although funding progress was made through the 2013-15 biennial budget, it was insufficient to satisfy the court. In September 2014, the court found the state in contempt and threatened sanctions if an acceptable funding plan was not in place by the end of the 2015 legislative session.

On August 13, 2015, shortly after the conclusion of the 2015 legislative session, the Washington State Supreme Court issued an order imposing daily penalties of \$100 thousand until the legislature fully funds basic education as ordered in prior court rulings.

**RSI**  
**Required Supplementary Information**

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**BUDGETARY COMPARISON SCHEDULE**  
**General Fund**

<b>Budgetary Comparison Schedule</b>				
<b>General Fund</b>				
For the Biennium Ended June 30, 2015				
<i>(expressed in thousands)</i>				
	<b>Original Budget 2013-15 Biennium</b>	<b>Final Budget 2013-15 Biennium</b>	<b>Actual 2013-15 Biennium</b>	<b>Variance with Final Budget</b>
<b>Budgetary Fund Balance, July 1, as restat</b>	\$ 472,246	\$ 472,246	\$ 472,246	\$ -
<b>Resources</b>				
Taxes	31,808,299	32,620,383	32,802,875	182,492
Licenses, permits, and fees	197,260	215,775	222,964	7,189
Other contracts and grants	529,972	526,952	420,675	(106,277)
Timber sales	5,040	4,363	3,686	(677)
Federal grants-in-aid	17,191,481	18,958,876	17,772,637	(1,186,239)
Charges for services	68,703	73,449	89,791	16,342
Investment income (loss)	(9,830)	965	3,157	2,192
Miscellaneous revenue	582,417	462,912	351,927	(110,985)
Unclaimed property	128,649	125,002	116,885	(8,117)
Transfers from other funds	1,333,052	1,475,687	1,484,679	8,992
<b>Total Resources</b>	<b>52,307,289</b>	<b>54,936,610</b>	<b>53,741,522</b>	<b>(1,195,088)</b>
<b>Charges To Appropriations</b>				
General government	3,474,379	3,492,904	3,322,213	170,691
Human services	26,375,585	28,098,574	27,285,932	812,642
Natural resources and recreation	633,909	725,584	648,051	77,533
Transportation	94,456	94,155	84,364	9,791
Education	20,010,213	20,138,083	19,912,685	225,398
Capital outlays	965,922	917,722	462,588	455,134
Transfers to other funds	561,776	620,554	725,394	(104,840)
<b>Total Charges To Appropriations</b>	<b>52,116,240</b>	<b>54,087,576</b>	<b>52,441,227</b>	<b>1,646,349</b>
<b>Excess Available For Appropriation</b>				
<b>Over (Under) Charges To Appropriations</b>	<b>191,049</b>	<b>849,034</b>	<b>1,300,295</b>	<b>451,261</b>
<b>Reconciling Items</b>				
Bond sale proceeds	138,792	203,542	341,315	137,773
Issuance premiums	-	891	5,910	5,019
Assumed reversions	140,000	239,531	-	(239,531)
Working capital adjustment	-	-	(179,800)	(179,800)
Allocations	50,001	2,500	-	(2,500)
Noncash activity (net)	-	-	84,377	84,377
Nonappropriated fund balances	-	-	51,014	51,014
Changes in reserves (net)	-	-	(680)	(680)
<b>Total Reconciling Items</b>	<b>328,793</b>	<b>446,464</b>	<b>302,136</b>	<b>(144,328)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 519,842</b>	<b>\$ 1,295,498</b>	<b>\$ 1,602,431</b>	<b>\$ 306,933</b>

**BUDGETARY COMPARISON SCHEDULE**  
**General Fund - Budget to GAAP Reconciliation**

<b>General Fund</b>	
For the Biennium Ended June 30, 2015 (expressed in thousands)	
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 53,741,522
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(1,484,679)
Budgetary fund balance at the beginning of the biennium, as restated	(472,246)
Appropriated loan principal repayment	(3,184)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	3,288,468
Revenues collected for other governments	231,019
Unanticipated receipts	1,215,892
Noncash revenues	82,483
Other	5,071
Biennium total revenues	56,604,346
Fiscal year 2014 total revenues, as restated for fund reclassification	(26,847,449)
Nonappropriated activity	27,536
<b>Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 29,784,433</b>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 52,441,227
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	(2,536,683)
Other transfers to other funds	(725,394)
Appropriated loan disbursements	(14)
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	3,288,468
Distributions to other governments	231,019
Certificates of participation and capital lease acquisitions	9,052
Expenditures related to unanticipated receipts	1,215,892
Other	12,762
Biennium total expenditures	53,936,329
Fiscal year 2014 total expenditures, as restated for fund reclassification	(26,124,434)
Nonappropriated activity	664,634
<b>Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</b>	<b>\$ 28,476,529</b>

**BUDGETARY COMPARISON SCHEDULE**  
**Higher Education Special Revenue Fund**

<b>Budgetary Comparison Schedule</b> <b>Higher Education Special Revenue Fund</b> For the Biennium Ended June 30, 2015 (expressed in thousands)				
	<b>Original Budget 2013-15 Biennium</b>	<b>Final Budget 2013-15 Biennium</b>	<b>Actual 2013-15 Biennium</b>	<b>Variance with Final Budget</b>
<b>Budgetary Fund Balance, July 1, as restated</b>	\$ 93,087	\$ 93,087	\$ 93,087	\$ -
<b>Resources</b>				
Taxes	334,110	389,878	406,206	16,328
Other contracts and grants	-	438	-	(438)
Charges for services	917	-	-	-
Investment income (loss)	95	-	333	333
Miscellaneous revenue	-	602	-	(602)
Transfers from other funds	340,577	345,232	346,932	1,700
<b>Total Resources</b>	<b>768,786</b>	<b>829,237</b>	<b>846,558</b>	<b>17,321</b>
<b>Charges To Appropriations</b>				
Education	608,761	673,423	672,339	1,084
Transfers to other funds	62,150	53,888	53,589	299
<b>Total Charges To Appropriations</b>	<b>670,911</b>	<b>727,311</b>	<b>725,928</b>	<b>1,383</b>
<b>Excess Available For Appropriation Over (Under) Charges To Appropriations</b>	<b>97,875</b>	<b>101,926</b>	<b>120,630</b>	<b>18,704</b>
<b>Reconciling Items</b>				
Working Capital Adjustment	-	-	(16,060)	(16,060)
Noncash activity (net)	-	-	(50,017)	(50,017)
Nonappropriated fund balances	-	-	2,480,995	2,480,995
Changes in reserves (net)	-	-	230,874	230,874
<b>Total Reconciling Items</b>	<b>-</b>	<b>-</b>	<b>2,645,792</b>	<b>2,645,792</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 97,875</b>	<b>\$ 101,926</b>	<b>\$ 2,766,422</b>	<b>\$ 2,664,496</b>

**BUDGETARY COMPARISON SCHEDULE**  
**Higher Education Special Revenue Fund - Budget to GAAP Reconciliation**

<b>Higher Education Special Revenue Fund</b> For the Biennium Ended June 30, 2015 <i>(expressed in thousands)</i>	
<b>Sources/Inflows of Resources</b>	
Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 846,558
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(346,932)
Budgetary fund balance at the beginning of the biennium, as restated	(93,087)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	140
Other	-
Biennium total revenues	406,679
Fiscal year 2014 total revenues	(5,107,607)
Nonappropriated activity	9,947,551
<b>Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 5,246,623</b>
<b>Uses/Outflows of Resources</b>	
Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 725,928
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	(31,354)
Other transfers to other funds	(53,589)
Biennium total expenditures	640,985
Fiscal year 2014 total expenditures	(5,047,518)
Nonappropriated activity	9,798,640
<b>Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds</b>	<b>\$ 5,392,107</b>

## BUDGETARY INFORMATION

### Notes to Required Supplementary Information

#### GENERAL BUDGETARY POLICIES AND PROCEDURES

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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 within 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 2013-15 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 <http://www.ofm.wa.gov/cafr/2015/default.asp>.

Legislative appropriations are strict legal limits on expenditures, and 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. OFM 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 activities 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**

continued

<b>Schedule of Changes in Net Pension Liability and Related Ratios</b> <b>Washington State Patrol Retirement System - Plan 1/2</b> Last Two Fiscal Years* (expressed in thousands)		
	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>		
Service cost	\$ 18,041	N/A
Interest	75,249	N/A
Changes of benefit terms	-	N/A
Differences between expected and actual experience	-	N/A
Changes in assumptions	-	N/A
Benefit payments, including refunds of employee contributions	(47,510)	N/A
<b>Net Change in Total Pension Liability</b>	<u>45,780</u>	N/A
<b>Total Pension Liability - Beginning</b>	<u>1,026,644</u>	N/A
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,072,424</u>	<u>\$ 1,026,644</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 6,587	N/A
Contributions - employee	6,555	N/A
Net investment income	176,856	N/A
Benefit payments, including refunds of employee contributions	(47,510)	N/A
Administrative expense	(84)	N/A
Other	509	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	<u>142,913</u>	N/A
<b>Plan Fiduciary Net Position - Beginning</b>	<u>955,514</u>	N/A
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,098,427</u>	<u>\$ 955,514</u>
<b>State's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (26,003)</u>	<u>\$ 71,130</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability /(Asset)</b>	102.42%	93.07%
<b>Covered-employee payroll</b>	\$ 85,046	\$ 81,895
<b>State's Net Pension Liability/(Asset) as a percentage of covered-employee payroll</b>	-30.58%	86.85%
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		

**PENSION PLAN INFORMATION**  
**Single Employer Plans**

continued

Schedule of Changes in Net Pension Liability and Related Ratios		
Judicial Retirement System		
Last Two Fiscal Years*		
(expressed in thousands)		
	2014	2013
<b>Total Pension Liability</b>		
Service cost	\$ -	N/A
Interest	4,319	N/A
Changes of benefit terms	-	N/A
Differences between expected and actual experience	-	N/A
Changes in assumptions	-	N/A
Benefit payments, including refunds of employee contributions	(9,480)	N/A
<b>Net Change in Total Pension Liability</b>	<u>(5,161)</u>	N/A
<b>Total Pension Liability - Beginning</b>	<u>105,502</u>	N/A
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 100,341</u>	<u>\$ 105,502</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 10,600	N/A
Contributions - employee	-	N/A
Net investment income	25	N/A
Benefit payments, including refunds of employee contributions	(9,480)	N/A
Administrative expense	-	N/A
Other	-	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,145</u>	N/A
<b>Plan Fiduciary Net Position - Beginning</b>	<u>3,886</u>	N/A
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 5,031</u>	<u>\$ 3,886</u>
<b>State's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ 95,310</u>	<u>\$ 101,616</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)</b>	5.01%	3.68%
<b>Covered-employee payroll<sup>(1)</sup></b>	N/A	\$ 160
<b>State's Net Pension Liability/(Asset) as a percentage of covered-employee payroll<sup>(1)</sup></b>	N/A	63510%
N/A indicates data not available.		
<sup>(1)</sup> Covered-employee 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		

**PENSION PLAN INFORMATION**  
**Single Employer Plans**

concluded

Schedule of Changes in Net Pension Liability and Related Ratios		
Judges' Retirement Fund		
Last Two Fiscal Years*		
<i>(expressed in thousands)</i>		
	2014	2013
<b>Total Pension Liability</b>		
Service cost	\$ -	N/A
Interest	137	N/A
Changes of benefit terms	-	N/A
Differences between expected and actual experience	-	N/A
Changes in assumptions	-	N/A
Benefit payments, including refunds of employee contributions	(444)	N/A
<b>Net Change in Total Pension Liability</b>	<u>(307)</u>	<u>N/A</u>
<b>Total Pension Liability - Beginning</b>	3,453	N/A
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 3,146</u>	<u>\$ 3,453</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ -	N/A
Contributions - employee	-	N/A
Net investment income	7	N/A
Benefit payments, including refunds of employee contributions	(444)	N/A
Administrative expense	-	N/A
Other	-	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(437)</u>	<u>N/A</u>
<b>Plan Fiduciary Net Position - Beginning</b>	1,392	N/A
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 955</u>	<u>\$ 1,392</u>
<b>State's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ 2,191</u>	<u>\$ 2,061</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)</b>	30.36%	40.31%
<b>Covered-employee payroll <sup>(1)</sup></b>	N/A	N/A
<b>State's Net Pension Liability/(Asset) as a percentage of covered-employee payroll <sup>(1)</sup></b>	N/A	N/A
N/A indicates data not available.		
<sup>(1)</sup> Covered-employee 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		

**PENSION PLAN INFORMATION**  
**Single Employer Plans**

continued

<b>Schedule of Contributions</b> <b>Washington State Patrol Retirement System - Plan 1/2</b> Last Ten Fiscal Years (expressed in thousands)						
Year	Actuarially Determined Contributions	Contributions in relation to the Actuarial Determined Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll	
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%	
2010	6,600	5,271	1,329	82,764	6.37%	
2009	5,000	6,371	(1,371)	82,719	7.70%	
2008	6,800	6,064	736	78,781	7.70%	
2007	5,300	3,278	2,022	72,688	4.51%	
2006	6,100	3,133	2,967	69,515	4.51%	
2005	3,400	-	3,400	65,805	0.00%	

Prior to 2014, the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

**PENSION PLAN INFORMATION**  
**Single Employer Plans**

continued

<b>Schedule of Contributions</b> <b>Judicial Retirement System</b> Last Ten Fiscal Years <i>(expressed in thousands)</i>						
<b>Year</b>	<b>Actuarially Determined Contributions</b>	<b>Contributions in relation to the Actuarial Determined Contributions</b>	<b>Contribution deficiency (excess)</b>	<b>Covered-employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>	
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%	
2010	20,400	11,649	8,751	1,053	1106.27%	
2009	21,200	10,305	10,895	1,394	739.24%	
2008	26,600	9,712	16,888	1,496	649.20%	
2007	37,300	9,650	27,650	1,478	652.91%	
2006	27,700	6,716	20,984	1,534	437.81%	
2005	21,700	6,150	15,550	2,071	296.96%	

Contributions in relation to the Actuarially Determined Contributions are based on state contributions.  
 N/A indicates data not available. Beginning in 2014, there are no active members.  
 Prior to 2014, the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions.  
 Note: Figures may not total due to rounding.

*Source: Washington State Office of the State Actuary*

**PENSION PLAN INFORMATION**  
**Single Employer Plans**

concluded

Schedule of Contributions Judges' Retirement Fund Last Ten Fiscal Years (expressed in thousands)						
Year	Actuarially Determined Contributions	Contributions in relation to the Actuarial Determined Contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll	
2014	\$ 425	\$ -	\$ 425	\$ -	N/A	
2013	400	-	400	-	N/A	
2012	300	-	300	-	N/A	
2011	100	-	100	-	N/A	
2010	-	-	-	-	N/A	
2009	-	-	-	-	N/A	
2008	-	300	(300)	-	N/A	
2007	-	300	(300)	-	N/A	
2006	100	300	(200)	-	N/A	
2005	100	500	(400)	-	N/A	

Contributions in relation to the Actuarially Determined Contributions are based on state contributions.  
N/A indicates data not available. There are no active employees.  
Prior to 2014, the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions.  
Note: Figures may not total due to rounding.  
Source: Washington State Office of the State Actuary

**Notes to Required Supplementary Information**

**Methods and assumptions used in calculations of Actuarial Determined Contributions (ADC) for PERS, TRS, LEOFF, and WSPRS.** The Office of the State Actuary (OSA) calculates the ADC based on the results of an actuarial valuation consistent with the state’s funding policy defined under chapter 41.45 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. For example, the actuarial valuation with a June 30, 2013, valuation date, completed in the fall of 2014, determines the ADC for

the period beginning July 1, 2015, and ending June 30, 2017.

**Methods and assumptions used in calculations of the ADC for JRS and Judges.** 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 chapters 2.10.90 and 2.12.60 RCW, the Legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

**PENSION PLAN INFORMATION**  
**Cost Sharing Employer Plans**

continued

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Public Employees' Retirement System (PERS) Plan 1</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
	<b>2014</b>
State PERS Plan 1 employers' proportion of the net pension liability/(asset)	42.37%
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 2,134,189
State PERS Plan 1 employers' covered-employee payroll	\$ 143,836
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	1483.77%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	61.19%
* This schedule is to be built prospectively until it contains ten years of data.	

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Public Employees' Retirement System (PERS) Plan 2/3</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
	<b>2014</b>
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	49.27%
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 995,856
State PERS Plan 2/3 employers' covered-employee payroll	\$ 4,215,934
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	23.62%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.29%
* This schedule is to be built prospectively until it contains ten years of data.	

**PENSION PLAN INFORMATION**  
**Cost Sharing Employer Plans**

continued

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Teachers' Retirement System (TRS) Plan 1</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
<b>2014</b>	
State TRS Plan 1 employers' proportion of the net pension liability/(asset)	0.78%
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 22,924
State TRS Plan 1 employers' covered-employee payroll	\$ 4,611
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	497.15%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	68.77%
* This schedule is to be built prospectively until it contains ten years of data.	

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Teachers' Retirement System (TRS) Plan 2/3</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
<b>2014</b>	
State TRS Plan 2/3 employers' proportion of the net pension liability/(asset)	0.59%
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 1,913
State TRS Plan 2/3 employers' covered-employee payroll	\$ 25,673
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	7.45%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	96.81%
* This schedule is to be built prospectively until it contains ten years of data.	

**PENSION PLAN INFORMATION**  
**Cost Sharing Employer Plans**

continued

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Public Safety Employees' Retirement System (PSERS) Plan 2</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
	<b>2014</b>
State PSERS Plan 2 employers' proportion of the net pension liability/(asset)	48.26%
State PSERS Plan 2 employers' proportionate share of the net pension liability (asset)	\$ (6,988)
State PSERS Plan 2 employers' covered-employee payroll	\$ 130,172
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-5.37%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	105.01%
* This schedule is to be built prospectively until it contains ten years of data.	

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
	<b>2014</b>
State's nonemployer proportion of the net pension liability/(asset)	87.12%
State as nonemployer contributing entity proportionate share of the net pension liability/(asset)	\$ (1,056,583)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	126.91%
* This schedule is to be built prospectively until it contains ten years of data.	

**PENSION PLAN INFORMATION**  
**Cost Sharing Employer Plans**

concluded

<b>Schedule of the State's Proportionate Share of the Net Pension Liability</b> <b>Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2</b> Measurement Date of June 30 * <i>(expressed in thousands)</i>	
	<b>2014</b>
State LEOFF Plan 2 employers' proportion of the net pension liability/(asset)	0.84%
State as nonemployer contributing entity proportion of the net pension liability/(asset)	39.52%
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (11,175)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(524,419)
<b>Total</b>	<b><u>\$ (535,594)</u></b>
State LEOFF Plan 2 employers' covered-employee payroll	\$ 18,259
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	-61.20%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	116.75%
* This schedule is to be built prospectively until it contains ten years of data.	

**PENSION PLAN INFORMATION**  
**Cost Sharing Employer Plans**

<b>Schedule of Contributions</b>	
<b>Public Employees' Retirement System (PERS) - Plan 1</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 13,247
Contributions in relation to the contractually required contribution	13,245
Contribution deficiency (excess)	<u>\$ 2</u>
Covered-employee payroll	\$ 143,836
Contributions as a percentage of covered-employee payroll	9.21%

<b>Schedule of Contributions</b>	
<b>Public Employees' Retirement System (PERS) - Plan 2/3</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 388,288
Contributions in relation to the contractually required contribution	386,812
Contribution deficiency (excess)	<u>\$ 1,476</u>
Covered-employee payroll	\$ 4,215,934
Contributions as a percentage of covered-employee payroll	9.18%

<b>Schedule of Contributions</b>	
<b>Teachers' Retirement System (TRS) - Plan 1</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 479
Contributions in relation to the contractually required contribution	476
Contribution deficiency (excess)	<u>\$ 3</u>
Covered-employee payroll	\$ 4,611
Contributions as a percentage of covered-employee payroll	10.32%

<b>Schedule of Contributions</b>	
<b>Teachers' Retirement System (TRS) - Plan 2/3</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 2,667
Contributions in relation to the contractually required contribution	2,947
Contribution deficiency (excess)	<u>\$ (280)</u>
Covered-employee payroll	\$ 25,673
Contributions as a percentage of covered-employee payroll	11.48%

<b>Schedule of Contributions</b>	
<b>Public Safety Employees' Retirement System (PSERS) Plan 2</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 13,720
Contributions in relation to the contractually required contribution	13,604
Contribution deficiency (excess)	<u>\$ 116</u>
Covered-employee payroll	\$ 130,172
Contributions as a percentage of covered-employee payroll	10.45%

<b>Schedule of Contributions</b>	
<b>Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2</b>	
Fiscal Year Ended June 30, 2014	
<i>(dollars in thousands)</i>	
Contractually Required Contribution	\$ 1,568
Contributions in relation to the contractually required contribution	1,222
Contribution deficiency (excess)	<u>\$ 346</u>
Covered-employee payroll	\$ 18,259
Contributions as a percentage of covered-employee payroll	6.69%

**Notes:**

These schedules will be built prospectively until they contain ten years of data.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 currently has no active members; therefore, no contributions are required or paid.

**PENSION PLAN INFORMATION**

**Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund**

<b>Schedule of Change in Net Pension Liability</b>			
Last Three Fiscal Years*			
<i>(expressed in thousands)</i>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>			
Service cost	\$ 919	\$ 1,240	N/A
Interest	12,656	12,480	N/A
Changes of benefit terms	-	-	N/A
Differences between expected and actual experience	(2,948)	-	N/A
Changes in assumptions	1,931	-	N/A
Benefit payments, including refunds of member contributions	(10,501)	(10,771)	N/A
<b>Net Change in Total Pension Liability</b>	<b>2,057</b>	<b>2,949</b>	<b>N/A</b>
<b>Total Pension Liability - Beginning</b>	<b>186,527</b>	<b>183,578</b>	<b>N/A</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 188,584</b>	<b>\$ 186,527</b>	<b>\$ 183,578</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Municipalities	\$ 913	\$ 953	N/A
Contributions - Member	76	95	N/A
Contributions - State as nonemployer contributing entity	5,903	6,383	N/A
Net investment income	8,289	31,892	N/A
Benefit payments, including refunds of member contributions	(10,501)	(10,771)	N/A
Administrative expense	(1,020)	(1,469)	N/A
Other	-	(22)	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,660</b>	<b>27,061</b>	<b>N/A</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>204,195</b>	<b>177,134</b>	<b>N/A</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 207,855</b>	<b>\$ 204,195</b>	<b>\$ 177,134</b>
<b>Plan's Net Pension Liability/(Asset) - Ending</b>	<b>\$ (19,271)</b>	<b>\$ (17,668)</b>	<b>\$ 6,444</b>
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			

**PENSION PLAN INFORMATION**

**Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund**

<b>Schedule of Net Pension Liability</b>			
Last Three Fiscal Years*			
<i>(expressed in thousands)</i>			
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total Pension Liability - Ending	\$ 188,584	\$ 186,527	\$ 183,578
Plan Fiduciary Net Position - Ending	207,855	204,195	177,134
<b>Plan's Net Pension Liability/(Asset) - Ending</b>	<b>\$ (19,271)</b>	<b>\$ (17,668)</b>	<b>\$ 6,444</b>
Plan fiduciary net position as a percentage of the total pension liability/(asset)	110.22%	109.47%	96.49%
Covered-employee payroll	N/A	N/A	N/A
Plan's net pension liability/(asset) as a percentage of covered-employee 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*

<b>Schedule of Contributions</b>			
Last Ten Fiscal Years			
<i>(expressed in thousands)</i>			
<b>Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in relation to the Actuarial Determined Contribution</b>	<b>Contribution deficiency (excess)</b>
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)
2010	2,800	6,787	(3,987)
2009	2,500	6,223	(3,723)
2008	1,900	6,102	(4,202)
2007	3,000	7,063	(4,063)
2006	4,600	5,695	(1,095)

Neither covered-employee payroll nor contributions as a percentage of covered-employee payroll are applicable. This is a volunteer organization.  
 Prior to 2014, the Annual Required Contribution (ARC) amounts are presented for the Actuarially Determined Contributions.  
 Note: Figures may not total due to rounding.

*Source: Washington State Office of the State Actuary*

## PENSION PLAN INFORMATION

### Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

<b>Schedule of Investment Returns</b>		
Last Two Fiscal Years*		
	2015	2014
Annual money-weighted rate of return, net of investment expense	4.05%	18.50%
*This schedule is to be built prospectively until it contains ten years of data.		
<i>Source: Washington State Office of the State Actuary</i>		

### 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, 2013, valuation date, completed in the fall of 2014, determines the ADC for the period ending June 30, 2015.

## OTHER POSTEMPLOYMENT BENEFITS INFORMATION

<b>Schedule of Funding Progress</b>			
<b>Other Postemployment Benefits</b>			
<i>(expressed in millions)</i>			
	2015	2013	2011
Actuarial valuation date	1/1/2015	1/1/2013	1/1/2011
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	5,274	3,707	3,492
Unfunded actuarial accrued liability (UAAL)	5,274	3,707	3,492
Funded ratio	0%	0%	0%
Covered payroll	6,219	5,787	5,937
UAAL as a percentage of covered payroll	85%	64%	59%
* Based on projected unit credit actuarial cost method.			
<i>Source: Washington State Office of the State Actuary</i>			

## 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 established by administrative or executive policy, or by legislative

action at which assets are to be preserved or maintained.

- 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's network of highway pavements, bridges, and rest areas. In fiscal year 2015, the state was responsible to maintain and preserve 20,732 pavement lane miles, 3,288 bridges and tunnels, and 48 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 percent 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 percent 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 percent of wheel track length having “hairline” alligator cracking will have a PSC of 50.
Poor	20 – 39	Structural deterioration. Example: Flexible pavement with 25 percent 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 percent 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. The WSDOT assesses pavements 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. The following table shows pavement condition ratings for state highways:

Pavements Percentage in Fair or Better Condition* Two Year Cycle Ending Calendar Year			
<u>2013</u>	<u>2011</u>	<u>2009</u>	Average of Last <u>Three Assessments</u>
92.8%	91.2%	92.7%	92.2%

\* Starting in 2013 the methodology changed from being based solely on number of lane miles to being based on lane miles weighted by vehicle miles traveled. Vehicle miles traveled are key data for highway planning and management, and a common measure of roadway use.

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)					
	2015	2014	2013	2012	2011
Planned	\$ 173,716	\$ 122,868	\$ 137,779	\$ 148,811	\$ 122,203
Actual	142,789	143,598	108,972	148,366	117,811
Variance	\$ 30,927	\$ (20,730)	\$ 28,807	\$ 445	\$ 4,392
	17.8%	(16.9%)	20.9%	0.3%	3.6%

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 activity 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 performs sample condition assessments on state owned bridges in excess of 20 feet in length each year with all bridges inspected over a two year cycle. 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 more	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.

\*For 2015 the NBI code of 6 has changed from good condition to fair condition. This change aligns with federal reporting requirements.

The WSDOT's policy is to maintain 90 percent of bridges at a condition level of fair or better. The following table shows condition ratings for state bridges:

Bridges Percentage in Fair or Better Condition* Two Year Cycle Ending Fiscal Year			
			Average of Last
<u>2015</u>	<u>2013</u>	<u>2011</u>	<u>Three Assessments</u>
92.1%	91.4%	95.4%	93.0%

\* The methodology for 2013 has changed from number of bridges to square footage of the bridge deck. This change aligns with federal reporting requirements.

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)					
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Planned	\$ 71,078	\$ 92,192	\$ 98,519	\$ 66,510	\$ 46,708
Actual	64,060	87,271	87,306	61,026	43,709
Variance	\$ 7,018	\$ 4,921	\$ 11,213	\$ 5,484	\$ 2,999
	9.9%	5.3%	11.4%	8.2%	6.4%

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 activity 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**

The WSDOT performs safety rest area condition assessments over a two fiscal year cycle. Sites and buildings are divided into functional components that are assessed with a numerical rating of one to five. The rating is based on guidelines and parameters established by the WSDOT Capital Facilities Program and weighted by the criticality of the functional component.

The WSDOT's policy is to maintain 95 percent of safety rest areas in a condition of fair or better. The following table shows condition ratings for safety rest areas:

<b>Safety Rest Areas</b>			
<b>Percentage in Fair or Better Condition</b>			
<b>Two Year Cycle Ending Fiscal Year</b>			
<u>2015</u>	<u>2013</u>	<u>2011</u>	<u>Average of Last Three Assessments</u>
100.0%	100.0%	100.0%	100.0%

The following table reflects the state's estimated and actual expenditures necessary to preserve the safety rest areas at the established condition level:

<b>Safety Rest Areas</b>					
<b>Preservation and Maintenance - Planned to Actual - Fiscal Year</b>					
<i>(expressed in thousands)</i>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Planned	\$ 8,463	\$ 7,488	\$ 6,607	\$ 6,278	\$ 6,259
Actual	8,369	7,591	6,676	6,467	6,514
Variance	\$ 94	\$ (103)	\$ (69)	\$ (189)	\$ (255)
	1.1%	(1.4%)	(1.0%)	(3.0%)	(4.1%)

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 activity in response to economic forecasts and other factors.

For more information about safety rest areas, refer to WSDOT's website at: <http://www.wsdot.wa.gov/safety/restareas>.



## Washington State Auditor's Office

### **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***

October 30, 2015

The Honorable Jay Inslee  
Governor, State of 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, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated October 30, 2015. During the year ended June 30, 2015, the State implemented Governmental Accounting Standards Board *Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Our report includes a reference to other auditors who audited the financial statements of Department of Retirement Systems, Local Government Investment Pool, University of Washington, and the funds managed by the State Investment Board, as described in our report on the State of Washington's financial statements. This report includes our consideration of the results of the other auditor's 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. The financial statements of the Department of Retirement Systems, Local Government Investment Pool, University of Washington, and the funds managed by the State Investment Board were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the the Department of Retirement Systems, Local Government Investment Pool, University of Washington, or the funds managed by the State Investment Board.

## **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.

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 States'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Findings 2015-001 and 2015-002, that we consider to be significant deficiencies.

## **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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **STATE'S RESPONSE TO FINDINGS**

The State's response to the findings identified in our audit are 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.

Sincerely,

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J" and "M".

JAN M. JUTTE, CPA, CGFM  
ACTING STATE AUDITOR  
OLYMPIA, WA

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## Washington State Auditor's Office

# Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

March 21, 2016

The Honorable Jay Inslee  
Governor, state of Washington

Dear Governor Inslee:

### ***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) *Circular A-133 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, 2015. The state's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Audit Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. However, our audit does not provide a legal determination on the state's compliance.

***Basis for Adverse Opinion on CFDA 93.575 – Child Care and Development Block Grant, and CFDA 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund programs***

As described in Findings 2015-023, 2015-024, 2015-025, 2015-026, and 2015-027 in the accompanying Schedule of Audit Findings and Questioned Costs, the state did not comply with requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability, Special Tests and Provisions – Health and Safety, and Special Tests and Provisions – Fraud Detection for its CFDA 93.575 – Child Care and Development Block Grant and CFDA 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund programs. Compliance with such requirements is necessary, in our opinion, for the state to comply with the requirements applicable to these programs.

***Adverse Opinion on CFDA 93.575 – Child Care and Development Block Grant, and CFDA 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund programs***

In our opinion, because of the significance of the matters described in the basis for adverse opinion paragraph above, 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 CFDA 93.575 – Child Care and Development Block Grant and CFDA 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund programs for the year ended June 30, 2015.

***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 Audit Findings and Questioned Costs for the year ended June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2015-003, 2015-004, 2015-005, 2015-007, 2015-008, 2015-010, 2015-012, 2015-013, 2015-014, 2015-015, 2015-016, 2015-017, 2015-018, 2015-019, 2015-022, 2015-028, 2015-029, 2015-030, 2015-031, 2015-032, 2015-033, 2015-034, 2015-035, 2015-036, 2015-037, 2015-038, 2015-039, 2015-040, 2015-041, 2015-042, 2015-043, 2015-045, 2015-046, 2015-047, 2015-048, 2015-049, 2015-050, 2015-051, 2015-052, 2015-053, 2015-054, 2015-055, and 2015-056. Our opinion on each major federal program is not modified with respect to these matters.

### ***State's Response to Findings***

The state's responses to the noncompliance findings identified in our audit are described in the accompanying Schedules of Audit 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 OMB Circular A-133, 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 Audit Findings and Questioned Costs as Findings 2015-004, 2015-005, 2015-006, 2015-011, 2015-012, 2015-014, 2015-015, 2015-016, 2015-017, 2015-018, 2015-019, 2015-020, 2015-021, 2015-022, 2015-023, 2015-024, 2015-025, 2015-026, 2015-027, 2015-028, 2015-030, 2015-032, 2015-034, 2015-039, 2015-044, 2015-045, 2015-047, 2015-049, 2015-051, 2015-052, 2015-053, and 2015-054 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 Audit Findings and Questioned Costs as Findings 2015-009 and 2015-040 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 Schedules of Audit 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.

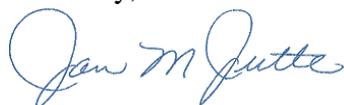
### ***Purpose of This Report***

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 OMB Circular A-133. 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 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, 2015, and have issued our report thereon dated October 30, 2015, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the state of Washington'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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,



**JAN M. JUTTE, CPA, CGFM**

DEPUTY STATE AUDITOR

March 21, 2016, except for the Schedule of Expenditures of Federal Awards, as to which the date is October 30, 2015

## Schedule of Audit Findings and Questioned Costs

### **SUMMARY OF AUDITOR'S RESULTS**

The results of our audit of the state of Washington are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### **FINANCIAL STATEMENTS**

An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information.

#### ***Internal Control Over Financial Reporting:***

- *Significant Deficiencies* - We identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses* - We identified no 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 its major federal programs, with the exception of the CFDA 93.575 Child Care and Development Block Grant, and the CFDA 93.596 Child Care Mandatory and Matching

Funds of the Child Care and Development Fund programs on which we issued an adverse opinion on compliance with applicable requirements.

We reported findings that are required to be reported under Section 510(a) of OMB Circular A-133.

***Identification of major programs:***

The following were major programs during the period under audit:

<b>CFDA</b>	<b>PROGRAM</b>
10.500	Cooperative Extension Service
10.551 10.561	<u>SNAP Cluster</u> Supplemental Nutrition Assistance Program (SNAP) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.558	Child and Adult Care Food Program (CACFP)
11.436	Columbia River Fisheries Development Program
11.438	Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program
14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii
15.605 15.611	<u>Fish and Wildlife Cluster</u> Sport Fish Restoration Program Wildfire Restoration and Basic Hunter Education
17.225	Unemployment Insurance (UI)
17.245	Trade Adjustment Assistance

20.205	<u>Highway Planning and Construction Cluster</u> Highway Planning and Construction (Federal-Aid Highway Program) Highway Planning and Construction (Federal-Aid Highway Program) - American Recovery and Reinvestment Act (ARRA) Recreational Trails Program
20.205A	
20.219	
20.223	Transportation Infrastructure Finance and Innovation Act (TIFIA) Program
20.500	<u>Federal Transit Cluster</u> Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants) Federal Transit – Formula Grants (Urbanized Area Formula Program) State of Good Repair Grants Program Bus and Bus Facilities Formula Program (Bus Program)
20.507	
20.525	
20.526	
43.001	Science
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.181	Special Education – Grants for Infants and Families
84.365	English Language Acquisition State Grants
84.369	Grants for State Assessments and Related Activities
93.067	Global AIDS
93.069	Public Health Emergency Preparedness

93.558	Temporary Assistance for Needy Families (TANF)
93.566	Refugee and Entrant Assistance – State-Administered Programs
93.568	Low-Income Home Energy Assistance
93.575 93.596	<u>Child Care and Development Fund Cluster</u> Child Care and Development Block Grant Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care – Title IV-E
93.775 93.777 93.778 93.778A	<u>Medicaid Cluster</u> State Medicaid Fraud Control Units State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Medical Assistance Program (Medicaid; Title XIX) Medical Assistance Program (Medicaid; Title XIX) - American Recovery and Reinvestment Act (ARRA)
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001 96.006	<u>Disability Insurance/SSI Cluster</u> Social Security – Disability Insurance (DI) Supplemental Security Income (SSI)
97.042	Emergency Management Performance Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$30,000,000.

The state did not qualify as a low-risk auditee under OMB Circular A-133.

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**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Summary of Financial Statement Findings**

<b>Finding Number</b>	<b>Finding</b>
2015-001	<b>The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</b>
2015-002	<b>The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.</b>

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**Summary of Federal Findings**

2015-003	<b>The Department of Social and Health Services improperly charged \$5.6 million to multiple federal grants.</b>
2015-004	<b>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Child and Adult Care Food Program.</b>
2015-005	<b>The Department of Commerce did not have adequate internal controls to ensure HOME Investment Partnerships Program income was used before requesting federal cash draws.</b>
2015-006	<b>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.</b>
2015-007	<b>The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.</b>
2015-008	<b>The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.</b>
2015-009	<b>The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.</b>
2015-010	<b>The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.</b>
2015-011	<b>The Department of Health did not have adequate internal controls to ensure compliance with the earmarking requirements for the Drinking Water State Revolving Funds program.</b>

2015-012	<b>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal suspension and debarment requirements for the Grants for State Assessments and Related Activities program.</b>
2015-013	<b>The Office of Superintendent of Public Instruction did not maintain required documentation for payroll costs charged to the Grants for State Assessments and Related Activities program.</b>
2015-014	<b>The Department of Health did not follow established internal controls over and did not comply with Federal Financial Reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.</b>
2015-015	<b>The Department of Health did not have adequate internal controls over federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs and did not comply with federal level of effort requirements for the National Bioterrorism Hospital Preparedness Program.</b>
2015-016	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.</b>
2015-017	<b>The Department of Social and Health Services did not have adequate internal controls over and was not compliant with its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.</b>
2015-018	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to sanction Temporary Assistance for Needy Families program participants who were not cooperative with the Department regarding child support issues.</b>
2015-019	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements of its Temporary Assistance for Needy Families grant work verification plan.</b>
2015-020	<b>The Department of Social and Health Services did not have adequate internal controls in place to ensure compliance with the maintenance of effort requirements for the Temporary Assistance for Needy Families grant program.</b>
2015-021	<b>The Department of Social and Health Services did not have adequate internal controls in place for submitting quarterly and annual reports for the Temporary Assistance for Needy Families Grant.</b>
2015-022	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure only eligible refugees of the Refugee and Entrant Assistance program received cash assistance.</b>

2015-023	<b>The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.</b>
2015-024	<b>The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</b>
2015-025	<b>The Department of Early Learning did not have adequate internal controls over child care fraud detection and repayments.</b>
2015-026	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Child Care Development Fund.</b>
2015-027	<b>The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.</b>
2015-028	<b>The Department of Social and Health Services did not have adequate internal controls over and did not comply with foster care payment rate setting and application requirements for the Foster Care program.</b>
2015-029	<b>The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed with the frequency required by federal regulations and state law.</b>
2015-030	<b>The Health Care Authority did not perform semi-annual data sharing with health insurers as required by state law.</b>
2015-031	<b>The Health Care Authority did not collect application fees from prospective or re-enrolling Medicaid providers, resulting in non-compliance with Affordable Care Act provisions.</b>
2015-032	<b>The Health Care Authority did not have adequate internal controls over its Medicaid service verification process.</b>
2015-033	<b>The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers and Rural Health Clinics.</b>
2015-034	<b>The Health Care Authority did not have adequate internal controls to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.</b>
2015-035	<b>The Health Care Authority improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</b>
2015-036	<b>The Health Care Authority made improper Medicaid payments for clients whose Social Security numbers and citizenship status were not verified and for unallowable non-emergency services.</b>
2015-037	<b>The Health Care Authority overpaid Medicaid providers for dental services.</b>
2015-038	<b>The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.</b>
2015-039	<b>The Health Care Authority did not have adequate internal controls to ensure Children's Health Insurance Program federal funds were properly claimed as eligible Medicaid expenditures.</b>

2015-040	<b>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.</b>
2015-041	<b>The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</b>
2015-042	<b>The Department of Social and Health Services paid Medicaid benefits for clients who did not have valid Social Security numbers.</b>
2015-043	<b>The Department of Social and Health Services did not accurately claim the federal share of Medicaid payments for Presumptive Supplemental Security Income clients.</b>
2015-044	<b>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have internal controls in place to ensure follow up on nursing home survey deficiencies were conducted in a timely manner.</b>
2015-045	<b>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure surveys for Medicaid nursing home and intermediate care facilities were completed in a timely manner.</b>
2015-046	<b>The Department of Social and Health Services made improper payments for unallowable services provided to newly eligible Medicaid clients under the Affordable Care Act.</b>
2015-047	<b>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure complaints of abuse and neglect of clients at Medicaid residential facilities were responded to properly.</b>
2015-048	<b>The Department of Social and Health Services improperly claimed federal Medicaid reimbursement for non-emergency services provided to nonqualified aliens.</b>
2015-049	<b>The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers were allowable.</b>
2015-050	<b>The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure staff, with access to developmentally disabled clients, received a proper background check.</b>
2015-051	<b>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.</b>
2015-052	<b>The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers for cost of care adjustments were allowable.</b>

2015-053	<b>The Department of Social and Health Services did not have adequate internal controls in place and did not comply with the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</b>
2015-054	<b>The Department of Social and Health Services did not have adequate internal controls in place and did not comply with requirements to ensure treatment service providers spending Block Grants for Prevention and Treatment of Substance Abuse funds were peer reviewed.</b>
2015-055	<b>The Department of Social and Health Services made improper payments to providers for medical evidence records.</b>
2015-056	<b>The Military Department improperly charged grant expenditures after the end of the Emergency Management Performance Grants' period of availability.</b>

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## Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2015

### Summary of Questioned Costs

Federal Grantor	State Agency	CFDA Number	Federal Program	Known Questioned Costs	Likely Questioned Costs	Finding Number(s)
U.S. Department of Agriculture	Department of Social and Health Services	10.551 10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	\$2,688,151	\$0	2015-003
U.S. Department of Labor	Employment Security Department	17.225	Unemployment Insurance	\$10,302	\$1,600,568	2015-007 2015-008
U.S. Department of Labor	Employment Security Department	17.245	Trade Adjustment Assistance	\$643	\$24,127	2015-010
U.S. Department of Education	Office of Superintendent of Public Instruction	84.369	Grants for State Assessments and Related Activities	\$196,904	\$0	2015-013
U.S. Department of Health and Human Services	Department of Social and Health Services	93.558	Temporary Assistance for Needy Families (TANF)	\$2,833,989	\$115,669	2015-003 2015-018
U.S. Department of Health and Human Services	Department of Social and Health Services	93.566	Refugee and Entrant Assistance	\$54,088	\$134,655	2015-003 2015-022
U.S. Department of Health and Human Services	Department of Early Learning	93.575 93.596	Child Care and Development Fund Cluster	\$64,802	\$85,239,118	2015-023
U.S. Department of Health and Human Services	Department of Social and Health Services	93.575 93.596	Child Care and Development Fund Cluster	\$21,333,562	\$29,890,441	2015-026 2015-027

<b>Federal Grantor</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Federal Program</b>	<b>Known Questioned Costs</b>	<b>Likely Questioned Costs</b>	<b>Finding Number(s)</b>
U.S. Department of Health and Human Service	Health Care Authority	93.775 93.777 93.778 93.778A	Medicaid Cluster	\$819,549	\$5,792,797	2015-031 2015-033 2015-034 2015-035 2015-036 2015-037 2015-038 2015-039
U.S. Department of Health and Human Services	Department of Social and Health Services	93.775 93.777 93.778 93.778A	Medicaid Cluster	\$601,127	\$19,346,020	2015-040 2015-041 2015-042 2015-043 2015-046 2015-048 2015-049 2015-050 2015-051 2015-052
U.S. Social Security Administration	Department of Social and Health Services	96.001	Disability Insurance / SSI Cluster	\$58,657	\$79,476	2015-003 2015-055
US. Department of Homeland Security	Military Department	97.042	Emergency Management Performance Grants	12,592	\$0	2015-056
			<b>Total</b>	<b>\$28,674,366</b>	<b>\$142,222,871</b>	

**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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**Financial Findings Reported Under Government Auditing Standards**

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**2015-001 The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.**

**Background**

It is the responsibility of state management to design and follow internal controls that provide reasonable assurance regarding the reliability and accuracy of information used for financial reporting. We identified deficiencies in internal controls that could adversely affect the State's ability to accurately report its financial statements.

*Government Auditing Standards*, prescribed by the Comptroller General of the United States, require the auditor to communicate significant deficiencies as defined below in the Applicable Laws and Regulations section, as a finding.

**Description of Condition**

The Health Care Authority (HCA) has contracted with a vendor, which uses a system known as ProviderOne to process payments for Medicaid. For the fiscal year ended June 30, 2015, ProviderOne processed approximately 53 million transactions totaling \$8.1 billion.

We identified the following deficiency in internal control that represents a significant deficiency:

- During the previous two audits, we identified and communicated deficiencies in controls over the ProviderOne system. Although HCA has made improvements, including obtaining a service organization control audit report (also called SSAE 16) for three months of the prior fiscal year; no report was obtained for this year. This report is essential as it determines whether controls are properly designed and operating as intended in the processing and recording of Medicaid payments.

**Cause of Condition**

The HCA and the vendor did not adequately address responsibilities, controls and requirements for monitoring in the contract for the ProviderOne system. Specifically, the contract with the vendor did not require the vendor to obtain a service organization control audit report (also called SSAE 16).

At the time of the contract, HCA did not have complete knowledge of the extent of their monitoring responsibilities for ProviderOne.

### **Effect of Condition**

- The failure to assure that the vendor received an internal control audit for the ProviderOne system could lead to: Inaccurate financial reporting in the state’s general fund.
- Misuse, loss or misappropriation, inaccurate payments, and unauthorized software changes to the ProviderOne system.

As a result of the internal control deficiency, we were required to perform additional audit procedures to verify the accuracy of human services expenditures reported in the state’s general fund.

### **Recommendation**

To strengthen internal controls over the ProviderOne system, we recommend:

- HCA work with its vendor to obtain a service organization control audit report on an annual basis that covers an entire fiscal year.

### **State’s Response**

*The state recognizes the significance and priority of internal controls over recording and reporting financial transactions. Currently the vendor provides an independent service organization control audit every other year. The state is negotiating with the vendor to provide annual audit reports that cover an entire fiscal year, and will request funding from the legislature to do so.*

### **Auditor’s Concluding Remarks**

We appreciate the state's commitment to resolving this finding and thank the state for their cooperation and assistance. We will review the status during the next audit.

### **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 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines material weaknesses and significant deficiencies in its *Codification of Statements on Auditing Standards*, Section 265 as follows:

.07 For purposes of generally accepted auditing standards, the following terms have the meanings attributed as follows:

**Material weakness.** A deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Significant deficiency.** 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.

The Office of Financial Management's *State Administrative and Accounting Manual* (SAAM), states in part:

Section 20.15.30.a *Who is responsible for internal control?*

The agency head or authorized designee is ultimately responsible for identifying risks and establishing, maintaining, and reviewing the agency's system of internal control. If the agency head delegates this responsibility, the designated person should have sufficient authority to carry out these responsibilities. Normally, this person is a senior agency manager who does not serve in the internal audit function.

Section 20.15.40.c *Control Activities*

Control activities help ensure risk responses are effectively carried out and include policies and procedures, manual and automated tools, approvals, authorizations, verifications, reconciliations, security over assets, and segregation of duties. These activities occur across an agency, at all levels and in all functions, and are designed to help prevent or reduce the risk that agency objectives will not be achieved. Managers set up control activities to provide reasonable assurance that the agency and business unit objectives are met. An example of a control activity is something as simple as listing tasks assigned to staff members and then periodically checking the list to verify that

assignments are completed on time. Refer to Section 20.25 for further discussion of control activities.

Section: 20.15.50.a - Annual assurance

A risk assessment and internal control review process provides management with reasonable assurance that controls are operating as expected. In addition, the process should be used to determine if internal control modifications are needed by considering events that have occurred, processes or procedures that have changed, new projects or programs that are being planned or implemented, and other changes within the agency that may have additional risks. If the review uncovers internal control weaknesses or if prior weaknesses still exist, they should be documented and addressed.

Periodically, an agency should conduct a comprehensive review of the internal control structure to determine if it is adequately addressing agency risks. This can be done agency-wide at one time or by sections of the agency over a period of time.

Agencies must maintain adequate written documentation of activities conducted in connection with risk assessments, review of internal control activities and follow-up actions. This documentation includes any checklists and methods used to complete these activities. Refer to Subsection 20.25.50 for required documentation. For sample checklists and procedures, refer to the OFM Administrative and Accounting Resources website at: <http://www.ofm.wa.gov/resources/default.asp>.

Agencies have the flexibility to assign appropriate staff to complete the risk assessments and review of internal control activities required by this policy. The internal control officer is the person appointed by the agency head who is assigned responsibility for coordinating and scheduling the agency-wide effort of evaluating and reporting on reviews and improving control activities. The internal control officer also provides assurance to the agency head that the agency has performed the required risk assessments and the necessary evaluative processes. This communication may be ongoing and informal, but at least once per year, this assurance must be made in writing to the agency head. The internal control officer is responsible for ensuring that the required documentation is maintained and available for review by agency management, the State Auditor's Office (SAO), and OFM.

**2015-002    The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.**

**Background**

It is the responsibility of state management to design and follow internal controls that provide reasonable assurance regarding the reliability and accuracy of information used for financial reporting. We identified deficiencies in internal controls that could adversely affect the State's ability to accurately report its financial statements.

*Government Auditing Standards*, prescribed by the Comptroller General of the United States, require the auditor to communicate significant deficiencies as defined below in the Applicable Laws and Regulations section, as a finding.

**Description of Condition**

The Employment Security Department administers Washington State's unemployment insurance program. A new system called Next Generation Tax System (NGTS) was implemented in March 2014 to process employer wage reports and payments. NGTS processed approximately \$1.2 billion in Unemployment Insurance Premium payments and approximately \$43 billion in taxable wage information from employers since the system's implementation through June 2015.

We identified the following deficiencies in internal controls over financial reporting that, when taken together, represent a significant deficiency over financial reporting:

System processing

- Adjustments can be entered and processed in NGTS without review and approval of a second individual.
- NGTS incorrectly assesses tax rates for employer experience ratings when a business is purchased by a successor owner.
- Detail Benefit Charges within NGTS do not consistently agree to the Summary Benefit Charges.
- Employer payments and tax and wage information identified for manual review are not consistently processed timely.
- Tax & Wage report and payment exceptions identified by processing edits are systematically routed by NGTS to on-line exception queues for review and correction by ESD personnel. However, we observed workflow items are not consistently processed timely.
- NGTS incorrectly assesses the predecessor and successor rate to employer accounts. We identified employer accounts where a higher predecessor rate was assessed and an incorrect billing statement was mailed to employers which resulted in overpayments to employer accounts.

### Defects within NGTS, including inaccurate and incomplete reports

- Employer Unemployment Insurance Premium payments and tax and wage reports were not consistently posting accurately to employer accounts in NGTS.
- Reports generated from NGTS were incorrect and could not be relied upon to verify the accuracy or completeness of changes made to employer accounts.
- NGTS account balance reports do not accurately reflect ending and beginning account balance from month to month. NGTS reports cannot be relied upon for use in reconciling premiums to the State's general ledger account system, AFRS.

### Reconciliations

- Controls are inadequate over interfaces between internal and external systems. There are no reconciliations between systems to ensure information transmitted by interfaces is accurate and complete.
- Daily reconciliations between the bank and NGTS are attempted, however, due to a variety of system errors, the bank and NGTS are often out of balance.

### **Cause of Condition**

This is the first year that the Employment Security Department has used the NGTS system. Prior to implementing the system, the Department did not perform adequate testing to ensure the system could process accurate and complete Unemployment Insurance Premium payments, tax and wage reports, unemployment insurance rates, and employer receivables.

### **Effect of Condition**

We identified the following errors during our audit of the financial statements:

- Other Receivables was understated by a net total of \$74 million due primarily to the following:
  - The employer receivable portion of the balance was overstated by \$68.9 million due to reliance on an inaccurate NGTS generated report. The allowance for uncollectible portion of this balance was overstated by \$50.8 million. These errors were corrected.
  - The claimant overpayment portion of the balance was understated by \$7.2 million due to a prior year calculation error. The allowance for the uncollectible portion of this balance was overstated by \$88.2 million due to a clerical accounting error. These errors were corrected.
  - After these corrections were made we found an additional understatement of \$3.3 million. This error was not corrected.
- Accrued Liabilities were reported at \$8 million in fiscal year 2014. In the current year, accrued liabilities were reported at \$0 because the Department was not clear on how

employer overpayments were being tracked by NGTS. This is an unquantifiable and uncorrected likely misstatement.

- Cash was understated by \$6.7 million and expenses understated by the same amount because checks that had been outstanding for over a year had not been written off. This error was not corrected.

Additionally, the internal control weaknesses in NGTS resulted in the following:

- We identified employer accounts with incomplete or inaccurate wage and payment information. In some instances, these accounts were assessed penalties and interest that was not due, which then resulted in employers being assessed an incorrect tax rate.
- Unverifiable and invalid credits were posted to employer accounts.
- The lack of interface controls to ensure reconciliations are performed between systems resulted in the inaccurate and incomplete transmission of information by the interface.

## **Recommendation**

We recommend the following:

- Establish internal controls to ensure the complete and accurate processing of employer payments and tax and wage reports for Unemployment Insurance Premium payments.
- Identify and correct defects within NGTS, including inaccurate and incomplete reports.
- Perform reconciliations between systems to ensure information transmitted by interfaces is accurate and complete.

## **State's Response**

*We appreciate the feedback received from the State Auditor's Office and agree with their recommendations. The state recognizes the significance and priority of internal controls over the processing, and reporting of financial transactions, therefore, the following actions will be taken to resolve the issues identified in the audit report:*

- *Review the NGTS system and reports currently generated for accuracy and completeness and make revisions as necessary.*
- *Establish and perform reconciliation between systems and of the General Ledgers in Agency Financial Reporting System (AFRS) to ensure that the financial transactions and information are accurate and complete.*
- *Create new internal control policies and procedures that will be reviewed and monitored by management on an ongoing basis.*

## **Auditor's Concluding Remarks**

We appreciate the state's commitment to resolving this finding and thank the state for their cooperation and assistance. We will review the status during the next audit.

### **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 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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The Office of Financial Management's *State Administrative and Accounting Manual* (SAAM), states in part:

Section 20.15.30.a *Who is responsible for internal control?*

The agency head or authorized designee is ultimately responsible for identifying risks and establishing, maintaining, and reviewing the agency's system of internal control. If the agency head delegates this responsibility, the designated person should have sufficient authority to carry out these responsibilities. Normally, this person is a senior agency manager who does not serve in the internal audit function.

#### Section 20.15.40.c *Control Activities*

Control activities help ensure risk responses are effectively carried out and include policies and procedures, manual and automated tools, approvals, authorizations, verifications, reconciliations, security over assets, and segregation of duties. These activities occur across an agency, at all levels and in all functions, and are designed to help prevent or reduce the risk that agency objectives will not be achieved. Managers set up control activities to provide reasonable assurance that the agency and business unit objectives are met. An example of a control activity is something as simple as listing tasks assigned to staff members and then periodically checking the list to verify that assignments are completed on time. Refer to Section 20.25 for further discussion of control activities.

#### Section: 20.15.50.a - Annual assurance

A risk assessment and internal control review process provides management with reasonable assurance that controls are operating as expected. In addition, the process should be used to determine if internal control modifications are needed by considering events that have occurred, processes or procedures that have changed, new projects or programs that are being planned or implemented, and other changes within the agency that may have additional risks. If the review uncovers internal control weaknesses or if prior weaknesses still exist, they should be documented and addressed.

Periodically, an agency should conduct a comprehensive review of the internal control structure to determine if it is adequately addressing agency risks. This can be done agency-wide at one time or by sections of the agency over a period of time.

Agencies must maintain adequate written documentation of activities conducted in connection with risk assessments, review of internal control activities and follow-up actions. This documentation includes any checklists and methods used to complete these activities. Refer to Subsection 20.25.50 for required documentation. For sample checklists and procedures, refer to the OFM Administrative and Accounting Resources website at: <http://www.ofm.wa.gov/resources/default.asp>.

Agencies have the flexibility to assign appropriate staff to complete the risk assessments and review of internal control activities required by this policy. The internal control officer is the person appointed by the agency head who is assigned responsibility for coordinating and scheduling the agency-wide effort of evaluating and reporting on reviews and improving control activities. The internal control officer also provides assurance to the agency head that the agency has performed the required risk assessments

and the necessary evaluative processes. This communication may be ongoing and informal, but at least once per year, this assurance must be made in writing to the agency head. The internal control officer is responsible for ensuring that the required documentation is maintained and available for review by agency management, the State Auditor's Office (SAO), and OFM.

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## Federal Findings and Questioned Costs

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**2015-003    The Department of Social and Health Services improperly charged \$5.6 million to multiple federal grants.**

<b>Federal Awarding Agencies:</b>	U.S. Department of Agriculture U.S. Department of Health and Human Services U.S. Social Security Administration (SSA)
<b>Pass-Through Entity:</b>	None
<b>CFDA Numbers and Titles:</b>	10.551    Supplemental Nutrition Assistance Program (SNAP) 10.561    State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 93.558    Temporary Assistance for Needy Families 93.566    Refugee and Entrant Assistance – State-Administered Programs 96.001    Social Security - Disability Insurance (DI) 96.006    Supplemental Security Income (SSI)
<b>Federal Award Numbers:</b>	15147WAWA4Q2519, 15147WAWA4Q2520, 15157WAWA4Q7503,1502WATANF, 1501WARCMA, 1501WARSOC, 15-0404WADI00, 15147WAWA4Q2514,
<b>Applicable Compliance Component:</b>	Period of Availability
<b>Questioned Cost Amount:</b>	\$5,610,700

### Background

The Department of Social and Health Services administers multiple federal grant programs and spent approximately \$4.8 billion in federal grant funds during fiscal year 2015. The Department is responsible for ensuring grant money is used for costs that are allowable and related to each grant’s purpose. Each federal grant specifies a period during which program costs may be obligated. Payments for costs obligated prior to the beginning date of a grant are not allowed without prior approval by the grantor.

In our fiscal year 2014 audit we reported a finding that the Department improperly charged \$54,377 to the Refugee and Entrant Assistance program prior to the start of the grant. This was reported as finding number 2014-022.

### Description of Condition

Most of the Department’s federal grant awards have a fiscal year 2015 grant period that began on October 1, 2014. We found four programs obligated expenditures in September 2014, but the costs were charged to the fiscal year 2015 grants. The grant programs and amounts improperly charged were:

- Temporary Assistance for Needy Families, \$2,833,046
- Supplemental Nutrition Assistance Program Cluster, \$2,688,151
- Disability Insurance/SSI Cluster, \$58,628
- Refugee and Entrant Assistance, \$30,875

The Department did not have prior authorization from the grantor to charge pre-award costs to the grants.

### **Cause of Condition**

In prior years the Department's understanding was an obligation was not incurred until payment for service is made. The Department believed it was allowable to charge these costs to the new grants, even though they occurred prior to the grant start date. While the Department was made aware of this issue during the prior audit, the costs had already been charged for the current audit period.

### **Effect of Condition**

We are questioning improperly charged grant expenditures of \$5,610,700 made prior to the start of the four grant's periods of availability.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

### **Recommendation**

We recommend the Department only charge expenditures to federal grants if they are obligated during the period of availability. The Department should consult with the grantors to determine what, if any, of the questioned costs should be repaid.

### **Agency's Response**

*The Department concurs with this finding.*

*The Department's Economic Services Administration, Division of Finance and Financial Recovery will establish, sponsor and lead a cross-agency committee comprised of ESA, Financial Services Administration, Health Care Authority, Office of Financial Management and Washington Technology Solutions staff. This committee will review the processes involved and recommend implementation of changes to the existing Cost Allocation System (CAS) methodology. These changes will ensure that federal grant-related accruals are accounted for in the appropriate period of performance (grant year).*

*As an immediate fix to rectify the existing issue (including questioned costs), ESA will utilize a manual process (journal vouchers) to ensure full compliance until the revised CAS methodology is implemented.*

*The committee will also work with the appropriate Federal agencies to discuss changing and/or updating the compliance supplement to better align with the State's business practices for cash draws and reporting of the federal grants. We will continue discussions with our Federal partners*

*regarding what, if any, of the questioned costs should be repaid and acceptance of our prospective corrections.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2015, Part 3 – Compliance Requirements, states in part:

### **H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS**

#### **Compliance Requirements**

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, § \_\_\_\_.23; OMB Circular A-110 (2 CFR section 215.28)).

**2015-004 The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Child and Adult Care Food Program.**

**Federal Awarding Agency:** U.S. Department of Agriculture  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 10.558 Child and Adult Care Food Program  
**Federal Award Number:** 14137WAWA4N1050, 14147WAWA4N1050, 15147WAWA4N1050, 15157WAWA4N1050, 14137WAWA3N1099, 14137WAWA3N2020, 14147WAWA3N1099, 14147WAWA3N2020, 15147WAWA3N1099, 15147WAWA3N2020, 15157WAWA3N1099, 15157WAWA3N2020  
**Applicable Compliance Component:** Reporting  
**Questioned Cost Amount:** None

**Background**

The Office of Superintendent of Public Instruction administers the Child and Adult Care Food Program (CACFP). This program provides aid to child and adult care institutions and day care homes for the provision of nutritious foods that contribute to the wellness, healthy growth, and development of young children, and the health and wellness of older adults and chronically impaired disabled persons. The child and adult care institutions and day care homes are considered subrecipients of the Office.

The program is required to submit the Report of the Child and Adult Care Food Program (FNS-44) monthly to the federal grantor. These reports present data on the claims for reimbursements from the Office’s subrecipients detailing the number of meals served during the report month.

The program also submits the Financial Status Report (FNS-777) quarterly, which captures the state agency’s spending levels of Federal funds for the CACFP. The federal grantor uses the data captured by this report to monitor state agencies’ program costs and cash draws.

In fiscal year 2015, the Office spent approximately \$48 million in federal funds on the program.

**Description of Condition**

The Office did not have adequate internal controls to ensure the FNS-44 reports were submitted with correct data. We found for 16 of 24 required reports there was no supporting documentation to support the number of homes and number of meals that were reported. Additionally, previous year’s data was used in some instances to populate some of the reports.

We consider these internal control weaknesses to constitute a material weakness.

**Cause of Condition**

The Office implemented a new online claim system for program application, claims and reporting in October 2014. The new system could not create supporting documents to substantiate critical line items on the FNS-44 reports and also generated incorrect numbers on the reports. Management was

aware the system was generating incorrect numbers and submitted the reports using data from the previous year.

### **Effect of Condition**

We could not verify the accuracy and completeness of the data submitted on 16 of the FNS-44 reports due to lack of supporting documentation. Also, six of eight FNS-777 reports were also affected by the condition as one of the inputs used to calculate a line item on the FNS-777 report is obtained from the FNS-44 report.

By submitting the required reports with data that was known to be incorrect, the Office was not in compliance with grant requirements. Grant conditions allow the grantor to penalize the Office for noncompliance, suspending or terminating the award and withholding future awards.

### **Recommendation**

We recommend the Office revise its procedures to ensure reports are completed accurately and supported by adequate documentation.

### **Agency's Response**

*During the implementation of the new application and claiming system, Washington Integrated Nutrition System (WINS), there were issues with the system data query developed for the FNS-44 reports. OSPI has worked closely with the WINS contracted developer to ensure the system data queries are now complete and accurate.*

*OSPI will print and maintain all WINS generated FNS-44 reports as well as the detailed backup documentation.*

### **Auditor's Concluding Remarks**

We thank the Office for its cooperation and assistance throughout the audit. We will review the status of the Office's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

U.S. Office of Management and Budget Circular A-133, *Compliance Supplement 2015*, Part 4 – Compliance Requirement states in part:

L. Reporting

3. Special Reporting

a. *State Agency Special Reporting*

FNS-44, *Report of the Child and Adult Care Food Program (OMB No. 0584-0594)* – To receive CACFP funds, a State agency administering the program compiles the data gathered on its subrecipients' claims for reimbursement into monthly reports to its FNS regional office. Such reports present the number of meals served, by category and type, in institutions under the State agency's oversight during the report month.

An initial monthly report, which may contain estimated participation figures, is due 30 days after the close of the report month. A final report containing only actual participation data is due 90 days after the close of the report month. A final closeout report is also required, in accordance with the FNS closeout schedule. Revisions to the data presented in a 90-day report must be submitted by the last day of the quarter in which they are identified. However, the State agency must immediately submit an amended report if, at any time following the submission of the 90 day report, identified changes to the data cause the State agency's level of funding to change by more than (plus or minus) 0.5 percent.

*Key Line Items* – The following line items contain critical information:

(1) *Part A – No. Homes*

- (a) Line 6 – *No. of sponsoring organizations of day care homes administering between (ranges for numbers of homes given in columns)*
- (b) Line 7 – *No. of homes for which sponsors are eligible to receive reimbursement based on rate for (ranges for numbers of homes given in columns)*

(2) *Part E*

- (a) Lines 22 through 30 – *Breakfasts*
- (b) Lines 31 through 39 – *Lunches*
- (c) Lines 40 through 48 – *Suppers*
- (d) Lines 49 through 57 – *Snacks*
- (e) Lines 58 through 60 – *Total Free, Reduced Price, and Paid Meals Served (Respectively)*

**2015-005 The Department of Commerce did not have adequate internal controls to ensure HOME Investment Partnerships Program income was used before requesting federal cash draws.**

**Federal Awarding Agency:** U.S. Department of Housing and Urban Development  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 14.239 HOME Investment Partnerships Program  
**Federal Award Number:** M12-SG53-0100, M13-SG53-0100, M14-SG-53-0100  
**Applicable Compliance Component:** Program Income and Cash Management  
**Questioned Cost Amount:** None

## **Background**

The HOME Investment Partnership Program is designed to provide decent and affordable housing for low-income households. The Department of Commerce administers the HOME program. The Department uses HOME funds for two major programs: the HOME General Purpose program and HOME Tenants Based Rental Assistance program. The General Purpose program supports the construction, acquisition or rehabilitation of affordable housing units and creates rental and homeownership opportunities statewide for low-income households. The Tenants Based program provides homeless and low-income households with rental assistance.

For the General Purpose program, the Department provides HOME loans to local governments, housing authorities or nonprofits to finance the construction of multi-family rental housing units. The Department receives program income through payments of principal and interest on the loans. Federal regulations require the Department pay out the program income before requesting additional federal cash draws.

In fiscal year 2015, the Department requested approximately \$5 million of HOME funds. The program generated approximately \$928,438 in program income.

During our fiscal year 2012, 2013 and 2014 audits we determined the Department's HOME program did not have adequate internal controls to ensure that program income was used prior to drawing federal funds. This was reported as finding numbers 12-08, 2013-004 and 2014-005.

As part of our fiscal year 2015 audit, we reviewed the Department's finding and corrective action plan to determine the status of the prior audit finding. The Department established new procedures that require the Accounting Office to identify the balance in the HOME program income account at least twice a month prior to drawing federal funds and maintain a register showing the deposits made to the HOME program income account. Additionally, approval is required for the federal draw, program income payment, and program income account bank reconciliation. The desk manual for HOME program income and federal draws was updated to reflect the new procedures. The completion date of the corrective action was listed as June 2015.

## **Description of Condition**

We found the Department's internal controls were still not adequate to ensure all HOME program income was used before requesting additional federal HOME funds. We commend the Department

for taking steps to reduce the program income account balance. However, it did not fully implement its corrective action plan during fiscal year 2015.

Specifically, we found program income was not drawn prior to requesting federal funds. In order to determine the effectiveness of the steps the Department took we examined the months of April, May and June 2015. Federal draws made during the months tested totaled \$1,227,561. While the Department did use some of their program income, drawing approximately \$119,061 during the months tested, it did not draw program income to zero at any time prior to drawing additional federal funds.

Additionally, the program income account balance was \$18,100 in early April, but had risen to \$292,232 by the end of the audit period. The average program income account balance at the time of making a federal draw during these three months was approximately \$85,000.

We consider these internal control weaknesses to constitute a material weakness.

### **Cause of Condition**

The program income account is reconciled monthly by fiscal staff and reports are forwarded to program staff. Program staff update the records and determine whether to use program income or federal funds for payments that need to be issued. The process is not effective to ensure records are updated timely so program income funds are drawn when required. Additionally, management did not establish sufficient oversight to ensure compliance with federal requirements.

### **Effect of Condition**

The Department received excess federal funds of approximately \$216,000 during the months we examined. Without an adequate process to ensure that all available program income receipts are drawn prior to drawing federal funds, the Department is not in compliance with federal requirements.

The Department could be required to submit interest earned on this money to the federal government, if the interest earnings exceeded \$100.

### **Recommendation**

We recommend the Department:

- Draw all available program income receipts prior to drawing federal funds.
- Follow policies and procedures necessary to disburse HOME program income before requesting additional federal cash draws.
- Consult with its grantor and the state Office of Financial Management to determine if any interest earnings are owed to the federal government.

### **Agency's Response**

*The Department concurs with the finding. The Department is currently conducting a Lean process improvement event documenting the current process, including functions in both the accounting and program areas. The process improvement team is identifying and documenting barriers, and proposing a new process to eliminate those inefficiencies. The new process will include a number of improvements designed to increase efficiency and internal controls.*

*The Department will continue to:*

- *Maintain a “check” register showing the deposits made to the HOME Program Income account.*
- *Identify the balance in the HOME Program Income account at a minimum of twice a month.*
- *Require the approval of the Federal Draw and the HOME Program Income payment be completed by the supervisor that oversees banking authorizations.*
- *Require the approval of the HOME Program Income account bank reconciliation to be conducted by the Accounting Manager*

*The Department will:*

- *Implement additional process improvements as identified by the process improvement team.*
- *Update the desk manual for HOME program income and federal draws to include the process identified above.*
- *Identify, document, and communicate roles and responsibilities.*
- *Update policies and procedures and ensure it is communicated to all necessary staff.*
- *Provide training on the updated policies and procedures to all necessary staff both initially and ongoing.*

*In addition, the Department will consult with the federal grantor to determine if any interest earning are owed to the federal government and respond accordingly.*

### **Auditor’s Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those

charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, 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.

Title 24, Code of Federal Regulations, part 92, section 502 - Program disbursement and information system, states in part:

(c) Disbursement of HOME funds.

- (1) After complete project set-up information is entered into the disbursement and information system, HOME funds for the project may be drawn down from the United States Treasury account by the participating jurisdiction by electronic funds transfer. The funds will be deposited in the local account of the HOME Investment Trust Fund of the participating jurisdiction within 48 to 72 hours of the disbursement request. Any drawdown of HOME funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the participating jurisdiction about the project or tenant-based rental assistance and compliance with other procedures, as specified by HUD.
- (2) HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15 day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction's United States Treasury account of the HOME Investment Trust Fund. Interest earned after 15 days belongs to the United States and must be remitted promptly, but at least quarterly, to HUD, except that a local participating jurisdiction may retain interest amounts up to \$100 per year for administrative expenses and States are subject to the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.).
- (3) HOME funds in the local account of the HOME Investment Trust Fund must be disbursed before requests are made for HOME funds in the United States Treasury account.

U.S. Office of Management and Budget Circular A-133 Compliance Supplement 2014, Part 3- Compliance Requirements, C. Cash Management, states in part:

. . .interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.

**2015-006 The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.**

**Federal Awarding Agency:** U.S. Department of Labor  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 17.225 Unemployment Insurance  
**Federal Award Number:** UI-25237-14-55-A-53  
UI-26568-15-55-A-53  
**Applicable Compliance Component:** Eligibility  
**Questioned Cost Amount:** None

### **Background**

The Employment Security Department administers the Unemployment Insurance (UI) program that provides benefits to workers during periods of involuntary unemployment. The federal government and employers in Washington 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. Claimants must contact the Department weekly and report that they are still unemployed, any wages earned and if they completed the required amount of job searches each week.

Claimants are required to keep a weekly job search log that documents what jobs they applied for and how the contact was made. The Department is responsible for monitoring weekly job search activities of claimants. To meet this requirement the Department randomly selects claimants and requires them to submit their job search logs for a specific week. When Department staff determine logs do not comply with state and federal requirements, it requires the claimant to come in for an in-person meeting. When logs are found to be incomplete, unallowable or are not submitted, a second unit, which has the authority to require the claimant to repay benefits, will review the claimant's logs.

Department policy states that 10 percent of claimants selected to submit logs for the week will also be selected for a verification of their job search activities. Department staff perform this verification by contacting employers listed on the job search log to verify the claimant did in fact apply with their company.

In fiscal year 2015, the Department paid approximately \$1.1 billion in grant funds, 92 percent of which was paid for benefits to workers.

## **Description of Condition**

The Department did not have adequate internal controls in place to ensure the weekly job search review process was followed, adequate documentation was retained and the minimum number of work search verifications were performed.

In fiscal year 2015 approximately 20,000 job search log requests were sent to claimants. The Department was unable to support how reviews and work search verifications were monitored to ensure they met state and federal requirements.

We randomly selected and examined 45 job search log reviews and found:

- Three were missing job search logs.
- Adequate attempts to contact one claimant to receive their logs were not made.

We randomly selected and examined 22 work search verifications and found:

- Nine did not have adequate documentation to determine if the reviewer made a proper assessment.
- Three of the nine verifications should have been forwarded for further review because the employer stated the claimant did not contact them.

We also found the Department only completed 462 of the 2,078 work search verifications required by its own policy.

We consider these internal control weaknesses to constitute a material weakness.

## **Cause of Condition**

Department staff did not follow policies and procedures to ensure the correct number of work search verifications were being reviewed. The Department lacked adequate written policies and procedures to ensure weekly in-person reviews and work search verifications were being completed. Management did not sufficiently monitor or review the work of Department staff to verify state and federal requirements were met.

## **Effect of Condition**

By not monitoring the weekly in-person reviews and work searches, the Department failed to:

- Review the required 10 percent of work search verifications.
- Identify claimants that were potentially overpaid.

The Department is at a higher risk of providing benefits to ineligible claimants. The federal grantor could take action that would have an adverse effect to the state.

## **Recommendation**

We recommend the Department revise its written policies and procedures to ensure in-person reviews and work search verifications are being performed, completed and properly documented.

We also recommend management monitor the job search review process to ensure accuracy and completeness.

### **Agency's Response**

*The Employment Security Department appreciates the feedback received from the State Auditor's Office and agrees with their recommendations. The following actions will be taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *Develop new policies and procedures to improve Work Search Verification and Job Search Review processes.*
- *Create new internal control procedures that will be reviewed and monitored by management on an ongoing basis.*
- *Initiate separation of duties and increased managerial oversight to ensure program compliance.*
- *Develop new procedures to meet the program documentation retention requirements.*
- *Develop new policies and procedures to ensure the minimum number of verifications are completed by the Department.*
- *Implement a new monitoring process to ensure the Work Search Verifications and Job Search Reviews are performed timely, accurately and properly.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant

agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

RCW 50.20.240 Job search monitoring, states in part:

- (1) (a) To ensure that following the initial application for benefits, an individual is actively engaged in work, the employment security department shall implement a job search monitoring program.

The Unemployment Insurance Resource Manual, section 5815 – Job Search Review, states in part:

**Policy**

Job Search Review – Ten percent of the claimants selected for the JSR interview are also selected for verification of their job search activities.

**2015-007 The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.**

**Federal Awarding Agency:** U.S. Department of Labor  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 17.225 Unemployment Insurance  
**Federal Award Number:** UI-25237-14-55-A-53  
UI-26568-15-55-A-53  
**Applicable Compliance Component:** Eligibility  
**Questioned Cost Amount:** \$5,530  
**Likely Questioned Cost Amount:** \$60,830

### **Background**

The Employment Security Department administers the Unemployment Insurance program, which provides benefits to workers during periods of involuntary unemployment. The federal government and employers in Washington primarily fund the program.

The Unemployment Insurance program may provide additional benefits under several other programs including Trade Readjustment Allowance (TRA). TRA provides additional weeks of unemployment benefits so eligible participants can train for careers in high-demand fields. Eligibility requirements for TRA include being enrolled in training prior to a specific deadline, or receiving a waiver exempting a participant from this requirement.

In fiscal year 2015, the Department spent approximately \$1.1 billion in program funds, 92 percent of which was paid for benefits to workers. Approximately \$11 million were TRA program funds.

### **Description of Condition**

We examined \$219,748 in payments to 22 TRA participants who received their first payment during fiscal year 2015. We reviewed each payment to determine whether:

- Participants signed up for an approved training program or received a training waiver on or before their training deadline.
- When a participant did not sign up for training before the deadline, or their training plan was revoked, benefit payments were stopped.

We found one participant was paid \$660 after the training deadline had passed and no waiver had been approved. We also found two participants were paid \$4,870 after a training waiver had been revoked.

### **Cause of Condition**

The Department did not have written policies and procedures in place to ensure only eligible participants receive benefits. Additionally, management did not sufficiently monitor or review the work of Department staff to ensure participants were determined to be eligible prior to issuing payments and did not establish segregation of duties. The Department stated insufficient staffing was the primary reason for the lack of a secondary review.

## **Effect of Condition and Questioned Costs**

The Department issued payments to ineligible participants because eligibility determinations were not processed and monitored appropriately. Because a statistical sampling method was used to select the payments we examined, we estimate the amount of likely questioned costs to be \$60,830.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend the Department establish and follow written policies and procedures, including appropriate supervisory review procedures, sufficient to ensure that participants are eligible prior to issuing TRA benefit payments.

The Department should consult with the Department of Labor to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*The following actions will be taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *UI Policy unit will review current TRA policies, procedures and internal controls to ensure TRA staff are operating the program correctly.*
- *Department will implement a new process to ensure that only eligible participants receive the benefits.*
- *Department will increase managerial oversight to ensure program compliance.*
- *The department will create and implement internal control procedures that will be reviewed and monitored by management on an ongoing basis.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Title 20, Code of Federal Regulations, states in part:

Subpart B – Trade Readjustment Allowances (TRA)

Section 617.11– Qualifying requirements for TRA

- (2) (vii) Participant in training. (A) The individual must –
  - (1) Be enrolled in or participating in a training program approved pursuant to § 617.22(a), or
  - (2) Have completed a training program approved under § 617.22(a), after a total or partial separation from adversely affected employment within the certification period of a certification issued under the Act, or
  - (3) Have received from the State agency a written statement under § 617.19 waiving the participation in training requirement for the individual.

**2015-008 The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.**

**Federal Awarding Agency:** U.S. Department of Labor  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 17.225 Unemployment Insurance  
**Federal Award Number:** UI-25237-14-55-A-53  
UI-26568-15-55-A-53  
**Applicable Compliance Component:** Activities Allowed or Unallowed,  
Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$4,772  
**Likely Questioned Cost Amount:** \$1,539,738

**Background**

The Employment Security Department administers the Unemployment Insurance program, which provides benefits to workers during periods of involuntary unemployment. The federal government and employers in Washington primarily fund the program.

The Unemployment Insurance program may provide additional benefits under several other programs including Trade Readjustment Allowance (TRA). Trade Readjustment Allowances are income support payments to participants who have exhausted Unemployment Compensation and whose jobs were affected by foreign imports as determined by the Department of Labor.

Once determined eligible, a claimant must submit a weekly claim form to the Department to receive TRA benefit payments. Department staff will review the form to ensure that the payment is allowable.

In fiscal year 2015, Employment Security spent approximately \$1.1 billion in program funds, 92 percent of which was paid for benefits to workers. Approximately \$11 million of these program funds were TRA program funds.

**Description of Condition**

We examined \$30,611 in payments made to 59 TRA participants who received benefit payments during fiscal year 2015. We reviewed each payment to determine if the Department received the weekly TRA benefit claim form prior to making payments.

The Department could not provide the weekly TRA benefit claim forms for nine payments totaling \$4,722. Without the proper support, we could not verify whether these payments were accurate or allowable.

**Cause of Condition**

The Department did not have written policies and procedures in place to ensure supporting documentation was retained in accordance with state law. Additionally, management did not sufficiently monitor or review the work of Department staff to ensure the payments were accurate, allowable and adequately supported.

## **Effect of Condition and Questioned Costs**

The Department risks making unallowable payments with federal funds when adequate support is not retained and claims are not reviewed. The Department paid \$4,722 to participants that was either unallowable or unsupported. Because a statistical sampling method was used to select the payments examined, we estimate the amount of likely questioned costs to be \$1,539,738.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend the Department establish and follow written policies and procedures, including appropriate supervisory review procedures, sufficient to ensure that payments are supported prior to issuing payment and that supporting documentation is retained in accordance with state and federal laws and regulations.

The Department should consult with the Department of Labor to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*The Employment Security Department appreciates the feedback received from the State Auditor's Office and agrees with their recommendations.*

*The following actions have already been taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *A process for document retention has been implemented. All supporting payment documentation will be scanned and documented to meet the Federal and State's record retention guidelines.*
- *UI and WCDD Divisions are working on a plan to locate TRA functions to increase accuracy and efficiency.*

*The following actions will be taken to improve the program and to ensure that transportation payments to participants are accurate and allowable:*

- *The UI Division will be implementing TRA payments in the new unemployment payment system which is expected to be executed in October 2016.*
- *The department will create internal control procedures that will be reviewed and monitored by UI Policy and WCDD Management on an ongoing basis.*
- *Policies and procedures will be reviewed and updated to ensure TRA staff are operating the program correctly.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A – General Principles for Determining Allowable Costs; Section C – Basic Guidelines states in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - j. Be adequately documented.

### Revised Code of Washington (RCW)

Section 40.14.060: Destruction, disposition of official public records or office files and memoranda – Record Retention Schedules

- (1) Any destruction of official public records shall be pursuant to a schedule approved under RCW 40.14.050. Official public records shall not be destroyed unless:
  - (a) Except as provided under RCW 40.14.070(2)(b), the records are six or more years old; or
  - (c) The originals of official public records less than six years old have been copied or reproduced by any photographic or other process approved by the state archivist which accurately reproduces or forms a durable medium for so reproducing the original.

State Government General Records Retention Schedule (SGGRRS) Version 5.1 (August 2011)

### 3.4 GRANTS MANAGEMENT

The function relating to the administration of grants either issues by the state or received by state agencies. Records include grant applications, grantor and grantee correspondence and official responses, grant contacts, fiscal records, reports, administrative correspondence, grant products, and other related records.

## DESCRIPTION OF RECORDS

### Grants Received by State Agencies (GS 23004)

Documentation of grant projects and funds received and expended by state agencies. May include copies of Requests for Proposals (RFPs), applications, notifications of grant awards, fiscal reports and supporting documentation, reports and correspondence related to grant monitoring, audit reports, status reports, compliance reports, grants modifications requests, progress reports and final reports.

### Retention and Disposition Action

Retain for 6 years after end of grant period then destroy.

Title 20, Code of Federal Regulations, states in part:

#### Subpart B – Trade Readjustment Allowances (TRA)

##### Section 617.12 – Evidence of Qualification

- (a) State agency action. When an individual applies for TRA, the State agency having jurisdiction under §617.50(a) shall obtain information necessary to establish:
  - (1) Whether the individual meets the qualifying requirements in §617.11;
  - (2) The individual's average weekly wage; and
  - (3) For an individual claiming to be partially separated, the average weekly hours and average weekly wage in adversely affected employment.
- (b) Insufficient data. If information specifically in paragraph (a) of this section is not available from State agency records or from any employer, the State agency shall require the individual to submit a signed statement setting forth such information as may be required for the State agency to make the determinations required by paragraph (a) of this section.
- (c) Verification. A statement made under paragraph (b) of this section shall be certified by the individual to be true to the best of the individual's knowledge and belief and shall be supported by evidence such as Forms W-2, paycheck stubs, union records, income tax returns, or statements of fellow workers, and shall be verified by the employer.

##### Section 617.19 – Requirement for participation in training.

- (a) In general-(1) Basic requirement.
  - (i) All individuals otherwise entitled to basic TRA, for all weeks beginning on and after November 21, 1988, must either be enrolled in or participating in a training program approved under §617.22(a), or have completed a training program approved under §617.22(a), as provided in §617.11(a)(2)(vii), in order to be entitled to basic TRA payments for any such week.

**2015-009 The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.**

**Federal Awarding Agency:** U.S. Department of Labor  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 17.245 Trade Adjustment Assistance  
**Federal Award Number:** TA-22690-12-55-A-53  
TA-24376-13-55-A-53  
**Applicable Compliance Component:** Eligibility  
**Questioned Cost Amount:** None

### **Background**

The Employment Security Department (Department) administers the Trade Adjustment Assistance grant to assist eligible workers who are unemployed because of international trade. The United States Department of Labor certifies companies where foreign trade was a cause of the worker's job loss or threat of job loss. Once a company is certified, the Department is responsible for determining what training and education benefits each employee is eligible for, how long they are eligible to receive the benefits and how much they are allowed to receive.

To be determined eligible to receive benefits an employee must meet specific requirements. Applicants can submit a request for determination form to be considered for participation. These forms are sent to Department headquarters where an employee reviews them, makes a determination as to whether the applicant is eligible and enters the information into the participant management system. Once a participant is determined to be eligible to receive Trade Adjustment Assistance they can apply to receive benefits. Individual work source counselors rely on the initial information entered at headquarters to determine what benefits applicants can receive and for how long.

The Department spent approximately \$7.9 million in federal program funds in fiscal year 2015 with approximately \$5.3 million paid for client benefits.

For the fiscal year 2014 audit period we reported the Department did not have adequate internal controls in place to ensure only eligible participants of the Trade Adjustment Assistance program receive benefits. The prior finding number was 2014-009.

### **Description of Condition**

The Department did not have adequate internal controls to ensure only eligible participants received Trade Adjustment Assistance. One employee had the authority to determine eligibility of all applicants and was also responsible for entering all client information into the participant management system. There was no secondary review of the information that was entered into the system to verify the accuracy of the information and to ensure that participants met all eligibility requirements.

The Department received a finding during the 2014 audit for the same issues and identified four specific actions they would take to address the identified weaknesses. None of the four actions were completed during fiscal year 2015.

We consider these control weaknesses to be a significant deficiency.

### **Cause of Condition**

The Department did not have written policies and procedures in place to ensure only eligible participants receive benefits. Additionally, management did not sufficiently monitor or review the work of Department staff to ensure that it was accurate and complete and did not establish segregation of duties. The Department stated insufficient staffing was the primary reason for the lack of a secondary review.

### **Effect of Condition**

By not monitoring to ensure eligibility determinations are made properly, the Department risks providing benefits to ineligible participants. This could lead to federal funds being used to pay for benefits for ineligible participants and could put the Department at risk that the federal grantor will take actions that could adversely affect the program and/or the program funding.

The internal controls over the Trade Adjustment Assistance program are also relied on to ensure payments issued for trade readjustment assistance income support are only made to eligible participants. Trade readjustment assistance income support is paid using Unemployment Insurance program funds.

We found the Department paid \$5,530 in Unemployment Insurance funds to participants that were not eligible for benefit payments. We used a valid statistical sampling method to select the payments examined in the audit. We estimate likely and known questioned costs to be \$60,830. Because the funds are not part of the Trade Adjustment Assistance program the questioned costs will not be included in this finding, but will be reported as finding 2015-007 for the Unemployment Insurance program.

### **Recommendation**

We recommend the Department establish and follow written policies and procedures sufficient to ensure that only eligible participants receive benefits. We recommend these procedures include a secondary review, or other form of managerial oversight, to ensure compliance with federal requirements.

### **Agency's Response**

*The following actions have already been taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *Added additional staff to increase support and initiated separation of duties, by establishing one individual to determine the eligibility for benefits using the General Unemployment Insurance Design Effort (GUIDE) system with second individual entering information into the Case Management System.*
- *UI Policy unit provided training to all TRA staff to ensure proper processes are followed.*
- *Increased managerial oversight to ensure program compliance.*
- *UI and WCDD Divisions are working on a plan to locate TRA functions to increase accuracy and efficiency.*

*The following actions will be taken to improve the program and to ensure that only eligible participants receive services and benefits:*

- *The department will create new internal control procedures that will be reviewed and monitored by UI Policy and WCDD Management on an ongoing basis.*
- *Policies and procedures will be reviewed and updated to ensure TRA staff are operating the program correctly.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

**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 the event 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.

**Remote.** The chance of the future event or events occurring is slight.

**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.

The Washington State Office of Financial Management's State Administrative & Accounting Manual (SAAM), states in part:

#### Section 20.15.40

There are five interrelated components of an internal control framework: control environment, risk assessment, control activities, information and communication, and monitoring. These components make up the minimum level of internal control an agency needs to have in place and are the basis against which internal control is evaluated.

To implement the framework, management develops the detailed policies, procedures, and practices to fit their agency's operations, and ensures that they are built into and are an integral part of operations. If an agency considers the framework components in its planning efforts and builds them into its daily processes, the agency will be poised to achieve the maximum benefit for the lowest cost.

**2015-010 The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.**

<b>Federal Awarding Agency:</b>	U.S. Department of Labor
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	17.245 Trade Adjustment Assistance
<b>Federal Award Number:</b>	TA-22690-12-55-A-53 TA-24376-13-55-A-53
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed Allowable Costs/ Cost Principles
<b>Questioned Cost Amount:</b>	\$643
<b>Likely Questioned Cost Amount</b>	\$24,127

### **Background**

The Employment Security Department administers the Trade Adjustment Assistance grant to assist eligible workers who are unemployed because of international trade. The United States Department of Labor certifies companies where foreign trade was a cause of the worker's job loss or threat of job loss. Once a company is certified, the Employment Security Department is responsible for determining what training and education services and benefits each employee is eligible for, how long they are eligible to receive these benefits and how much they are allowed to receive.

The Department reimburses participants for transportation costs associated with training or job searches. Participants must be preapproved to be reimbursed for travel costs. This preapproval is calculated based on the actual distance the participant travels and must be documented on a request for transportation/subsistence allowance form. Once they are determined eligible and begin training, the participants must submit weekly transportation/subsistence allowance forms to receive payments.

The Department spent approximately \$7.9 million in federal program funds in fiscal year 2015 with approximately \$375,000 paid directly to participants for transportation costs.

We reported a finding in our fiscal year 2014 audit for the Department paying \$1,544 that was either not allowable or unsupported with an estimated likely questioned cost amount of \$159,560. This was reported as finding number 2014-008.

### **Description of Condition**

We examined 58 transportation reimbursement payments totaling \$11,155 to determine if the Department received the weekly transportation/subsistence allowance form prior to payment and were calculating each payment correctly. The Department could not provide the weekly transportation/subsistence allowance forms for five reimbursements totaling \$612. These payments could not be verified as accurate or allowable.

We also found one transportation payment was calculated incorrectly resulting in an overpayment of \$31.

## **Cause of Condition**

The Department did not consistently retain supporting documentation for transportation payments until February of 2015. Additionally, Department staff did not adequately review all payments for accuracy prior to approving them.

## **Effect of Condition and Questioned Costs**

We identified \$643 in questioned costs during our examination of payments. Because a statistical sampling method was used to select the payments we examined, we estimate the amount of likely questioned costs to be \$24,127.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend the Department ensure payments are supported and adequately reviewed prior to reimbursing participants. We also recommend that supporting documentation is retained in accordance with state and federal laws and regulations.

The Department should consult with the Department of Labor to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*The following actions will be taken to improve the program and to ensure that transportation payments to participants are accurate and allowable:*

- *A process for document retention has been implemented. All payment supporting documentation will be scanned and documented to meet the Federal and State's record retention guidelines.*
- *Claim forms will be redesigned to ensure approval of payment. Additional review of calculation for accuracy by field and second review by central office staff.*
- *One individual will enter the payment information and another individual will verify the payment before delivering payment batch to vendor payment unit.*
- *Establishing written policies and procedures to address changes to new payment process.*
- *The department will create new internal control procedures that will be reviewed and monitored by management on an ongoing basis.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A – General Principles for Determining Allowable Costs; Section C – Basic Guidelines states in part:

- 2. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - j. Be adequately documented.

RCW 40.14.060: Destruction, disposition of official public records or office files and memoranda – Record retention schedules, states in part:

- (1) Any destruction of official public records shall be pursuant to a schedule approved under RCW 40.14.050.

State Government General Records Retention Schedule (SGGRRS) Version 5.1 (August 2011)

### 3.4 GRANTS MANAGEMENT

The function relating to the administration of grants either issues by the state or received by state agencies. Records include grant applications, grantor and grantee correspondence and official responses, grant contacts, fiscal records, reports, administrative correspondence, grant products, and other related records.

#### DESCRIPTION OF RECORDS

Grants Received by State Agencies (GS 23004 Rev. 0)

Documentation of grant projects and funds received and expended by state agencies. May include copies of Requests for Proposals (RFPs), applications, notifications of grant awards, fiscal reports and supporting documentation, reports and correspondence

related to grant monitoring, audit reports, status reports, compliance reports, grants modifications requests, progress reports and final reports.

#### Retention and Disposition Action

Retain for 6 years after end of grant period then destroy.

**2015-011 The Department of Health did not have adequate internal controls to ensure compliance with the earmarking requirements for the Drinking Water State Revolving Funds program.**

**Federal Awarding Agency:** U.S. Environmental Protection Agency  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 66.468 Capitalization Grants for Drinking Water State Revolving Funds  
**Federal Award Number:** FS-99083913-0; FS-99083914-0  
**Applicable Compliance Component:** Earmarking  
**Questioned Cost Amount:** None

### **Background**

The Department of Health administers the Capitalization Grants for Drinking Water State Revolving Fund (DWSRF). The Department's Public Works Board and the Department of Commerce jointly manage the program. The Department uses grant funds to provide loans and financial assistance to community water systems to achieve or maintain compliance with Safe Drinking Water Act requirements.

The DWSRF grant requires the Department to use a specific percentage of grant funds to provide subsidies to community water systems. Specifically, the federal year 2013 and 2014 appropriations include the following requirements:

- No less than 20 percent and no more than 30 percent of the grant can be used for subsidies.
- Subsidies can be provided in the form of grants, principal forgiveness, or negative interest rate loans.
- Subsidies can be provided to communities meeting the state's definition of disadvantaged or communities the state expects to become disadvantaged as a result of the project.

The grantor strongly encourages the minimum subsidy amounts to be met within the federal fiscal year of the award and requires they be met by the end of the following fiscal year. If the Department is unable to meet the minimum subsidy requirement they are required to provide the grantor, in an annual or biannual report, a complete explanation of the reasons for the delay and provide a plan that identifies the projects that will use the remaining subsidy funds. The grantor has also informed states that they can ensure enough qualified projects are available to fund by revising their subsidy distribution methods if they are too narrow to solicit enough projects to meet the minimum subsidy requirement.

The Department spent almost \$26 million in grant funds during fiscal year 2015.

### **Description of Condition**

The Department did not have adequate internal controls in place to ensure it complied with the subsidy requirements. We determined the Department did not meet the 20 percent minimum subsidy requirement for the federal year 2013 and 2014 awards. The Department used approximately 15 percent of the 2013 award for subsidies by the end of the second year, which was September 30, 2014. The Department did not inform the grantor of the shortfall and did not provide a plan to the

grantor as required. The Department used approximately 17 percent of the 2014 award by the end of the second year, which was September 30, 2015. We also determined the Department did not inform the grantor they did not meet the requirement.

We consider these internal control weaknesses to constitute a material weakness.

### **Cause of Condition**

The Department did not monitor the minimum subsidy requirement because staff did not have a thorough understanding of the grant requirements and thought compliance could be met by averaging cumulative subsidies distributed since federal year 2009. Additionally, the Department does not have a process in place to ensure enough qualified projects are available to fund or that the requirement will be met before the grants close.

### **Effect of Condition**

As a result of this condition the Department did not provide enough subsidies for the 2013 and 2014 grants. Grant awards cannot be closed until the minimum subsidy requirement is met. Without a process to ensure that the minimum required subsidies are provided in a timely manner, the Department cannot ensure it will meet all earmarking requirements before grant awards are closed. Additionally, the Department will be required to provide a plan that identifies how the necessary funds will be used for subsidized projects.

### **Recommendation**

We recommend the Department establish internal controls sufficient to ensure the monitoring and documentation of earmarking requirements are performed.

The Department should also monitor subsidy spending to ensure it spends at least the minimum required amount each year for the grant. If the Department determines it will not meet one of the requirements, it should contact its federal grantor to determine an appropriate course of action.

### **Agency's Response**

*Beginning immediately, Subsidy dollars will be tracked by our Loans and Grants Program Supervisor. We will also verify and document subsidy dollars on an ongoing basis in our DWSRF team meetings to ensure accuracy of the dollars reported. If we determine that we are not able to meet the minimum requirement of 20% subsidy, we will notify the Grantor prior to year-end.*

*Confusion was caused partly by a conflicting email received from Rick Green at EPA who stated; "My understanding is that a state can, if they have subsidy shortfall in one year, use any overages in a newer grant period, to make up for a previous years subsidy shortfall. Assuming that is the case, a state with a \$200,000 subsidy shortfall for their 2013 grant, could use \$200,000 worth of subsidy from a 2014 project to make up the difference."*

*In addition, the Department is providing subsidy in the form of principal loan forgiveness as well as waiving loan fees and lowering interest rates to those applicants that qualify. The criteria we are using is based on an affordability index that takes into consideration a percentage of Median Household Income (MHI) that the average water bill will be after funding the proposed loan project.*

*Those projects where the average monthly water rate will exceed 2 percent of the MHI for that service area will qualify.*

*We are also offering principal loan forgiveness for qualifying water system consolidation projects. Those projects that qualify will receive up to 50% loan forgiveness upon project completion along with a reduction in interest rate and waiving loan fees.*

*As we cannot control the number of loan applications we receive or those that may qualify for subsidy we will be adding a 3<sup>rd</sup> tier of application screening in order to qualify additional requests for subsidy that in previous years did not qualify.*

*We will be doing this during our underwriting process by identifying those applicants who have a Debt Service Coverage Ratio less than 1.20:1. Those applicants will be identified and placed on a list for consideration for subsidy dollars if they have not been utilized using our first 2 screening methodologies described above.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

Programmatic Conditions for FS-99083913-0, 2013 DWSRF Grant Conditions states:

1.Preamble:

The FY 2013 Appropriation to the DWSRF programs requires that a portion of the capitalization grant funds be used to provide additional subsidization, while relying on the purposes of the Funds in its underlying act. The application of the additional subsidies – in the form in which they are authorized in the FY 2013 Appropriations Act – to the base SRF

programs raises important issues for the underlying SRF programs. While the DWSRF program has since its inception offered discretion to States to provide additional subsidization, that authority was closely circumscribed by requirements that communities assisted meet the State's definition of "disadvantaged," and that the subsidies provided in any year could not exceed 30 percent of the capitalization grant. In contrast, the FY 2013 Appropriations Act requires States to provide not less than 20 percent and not more than 30 percent of the amount of their DWSRF capitalization grants as additional subsidies. Additional subsidies can be provided to any eligible recipient of SRF assistance, although priority for additional subsidies should be given to communities that could not otherwise afford eligible projects or which are defined by the State as disadvantaged consistent with Section IV.B. of the 2013 procedures. Under these circumstances, in which a large amount of base program capitalization grant funds will not revolve, it is prudent to include additional guidance in the capitalization agreements with States that ensure that the subsidies are funding infrastructure that is sustainable (not enabling the expansion of centralized infrastructure to accommodate growth while failing to adequately repair, replace, and upgrade infrastructure in existing communities which are not otherwise able to afford such projects). Section 1452(a)(3)(A)(i) of SDWA gives the authority to add such specifications to the capitalization grant. SDWA Section 1452(g)(3)(A) authorizes EPA to publish guidance "to ensure that each state commits and expends funds allotted to the State under this section as efficiently as possible." Therefore, EPA is adding a grant condition to all FY 2013 DWSRF capitalization grants:

- a. The recipient agrees to use funds provided by this grant to provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants, in accordance with P.L. 113-6 as follows: Drinking Water State Revolving Fund capitalization grant recipients agree to use between 20 and 30 percent of the funds provided by this grant to provide additional subsidization.
- b. Priority for additional subsidies should be given to communities that could not otherwise afford such projects or that are defined by the State as disadvantaged. To further ensure sustainability of eligible projects receiving additional subsidies, these subsidies should be directed to: 1) repair, replacement, and upgrade of infrastructure in existing communities; 2) investigations, studies, or plans that improve the technical, financial and managerial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure; and/or 3) preliminary planning, alternatives assessment and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or "green" systems into the built environment. The recipient agrees to provide in its Annual Report an explanation as to how they did or did not address this provision.

**2015-012 The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal suspension and debarment requirements for the Grants for State Assessments and Related Activities program.**

**Federal Awarding Agency:** U.S. Department of Education  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 84.369 Grants for State Assessments and Related Activities  
**Federal Award Number:** S369A130049, S369A140049  
**Applicable Compliance Component:** Suspension and Debarment  
**Questioned Cost Amount:** None

## **Background**

The Office of Superintendent of Public Instruction administers the Grants for State Assessments and Related Activities. The program supports the development of standards-based state academic assessments in reading or language arts, mathematics and science. When the state has met all assessment requirements the funds may be used to improve standards, alignment, reporting or expanded use of test accommodations.

Federal requirements prohibit grant recipients of federal awards from contracting with vendors who have been suspended or debarred from doing business with the federal government. The Office is required to verify that all vendors receiving \$25,000 or more in federal funds, have not been suspended or debarred.

Grantees can meet this requirement by:

- Checking the federal Excluded Parties List System
- Collecting a certification from the entity
- Adding a clause or condition to the covered transaction with the entity

During fiscal year 2015 the program executed three contracts totaling almost \$89 million in state and federal funds.

## **Description of Condition**

The Office has procedures in place, however, they were not effective in ensuring compliance. We found the Office executed a contract without first verifying whether the entity was suspended or debarred. The value of this contract was \$17,242,155, which accounted for approximately 20 percent of total contracts executed. We were able to verify the vendor had not been suspended or debarred, therefore, we are not questioning costs.

We consider this internal control weakness to constitute a material weakness.

## **Cause of Condition**

The Office relies on a certification that is included in its standard contract to meet the suspension and debarment requirements. For the contract in question the Office did not use its standard contract template and the certification regarding suspension and debarment was not included. The Office did not check the federal Excluded Parties List System or collect a certification from the entity to ensure they were in compliance with the suspension and debarment requirement.

## **Effect of Condition**

This weakness in internal controls increases the risk the Office will enter into contracts with vendors who are suspended or debarred from receiving federal funds. Payments to vendors who are suspended or debarred would be unallowable and the Office may have to repay the funding to the grantor. In addition, failure to comply with grant requirements could result in loss of eligibility for future federal awards.

## **Recommendation**

We recommend the Office ensure vendors are not suspended or debarred prior to entering into contracts that include more than \$25,000 in federal funds. We also recommend the Office ensure there is sufficient supervisory oversight to ensure federal requirements are met prior to contracts being executed.

## **Agency's Response**

*The auditors did not include the following information that is necessary to provide proper perspective of this issue. The vendor in question is the University of California Los Angeles (UCLA). OSPI, based on direction from the U.S. Department of Education, entered into a required contract with UCLA as part of the Smarter Balanced Assessment Consortium grant agreement. This is not a material weakness, but rather a unique set of circumstances for which OSPI had full federal approval. Because of these circumstances, OSPI did not use the standard contract template (which includes suspension and debarment language). Therefore, we believe this isolated issue is being misreported by the auditors.*

## **Auditor's Concluding Remarks**

We thank the Office for its response and its cooperation throughout the audit. The State Auditor's Office agrees that this appears to be an isolated incident. However, the \$17 million amount is material to the grant. As such, federal regulations require us to report the issue as a finding. Even though the Office did not use the standard contract for this grant, it could have used one of the other two methods described in the background section of this finding.

We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 2, Code of Federal Regulation, part 180

Subpart C—Responsibilities of Participants Regarding Transactions Doing Business With Other Persons

§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.

**2015-013 The Office of Superintendent of Public Instruction did not maintain required documentation for payroll costs charged to the Grants for State Assessments and Related Activities program.**

**Federal Awarding Agency:** U.S. Department of Education  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 84.369 Grants for State Assessments and Related Activities  
**Federal Award Number:** S369A130049, S369A140049  
**Applicable Compliance Component:** Activities Allowed or Unallowed Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$196,904

**Background**

The Office of Superintendent of Public Instruction administers the Grants for State Assessments and Related Activities. The program supports the development of standards-based state academic assessments in reading or language arts, mathematics and science. When the state has met all assessment requirements, the funds may be used to improve standards, alignment, reporting or expanded use of test accommodations.

The Office may use grant money only for costs that are allowable and related to the grant’s purpose. Federal regulations specify what documentation must be kept to support employee compensation charged to federal grants. If employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

In fiscal year 2015, the Office spent approximately \$9 million in federal funds on the program, approximately \$1.4 million was for payroll expenses.

**Description of Condition**

We determined 62 certifications were required to be completed for fiscal year 2015. We examined all 62 and found that in 12 instances the Office was not compliant with federal requirements.

Specifically:

- Ten certifications were missing.
- An employee completed one certification for two half-year periods (i.e., July 2014 - June 2015).
- One employee completed a certification three months prior to the end of the period covered by the certification.

## **Cause of Condition**

The Office relied on the employees and/or their supervisors to submit the certifications, but did not enforce the submission deadlines. Additionally, the Office did not adequately track which certifications had been submitted to ensure compliance with the requirement.

## **Effect of Condition and Questioned Costs**

We found \$196,904 in direct payroll and benefit charges to the Grants for State Assessments and Related Activities that were not supported by documentation required by federal regulations and Office policies.

In accordance with federal audit requirements, we question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support a payment. The federal grantor could disallow these charges and require the Office to pay back the money.

## **Recommendation**

We recommend the Office establish sufficient procedures to ensure payroll costs charged to a federal grant are supported by required documentation. We also recommend Office management ensure certifications are received and reviewed.

The Office should consult with the U.S. Department of Education to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*OSPI acknowledges that it did not ensure all semi-annual certifications were received in a timely manner. However, we will provide documentation to the U.S. Department of Education to support the questioned payroll costs. Specifically, we will provide copies of semi-annual certifications that we received during the audit, which were deemed "missing" by the auditor. We will also provide a copy of the semi-annual certification that covered two half-year periods, which resulted in the auditor questioning the employee's payroll costs for half of the year – we agree it was not timely yet believe it supports the payroll costs.*

## **Auditor's Concluding Remarks**

We thank the Office for its response and its cooperation throughout the audit. We agree that documentation supporting two of the ten certificates referred to as missing in the finding was provided during the audit. However, the two certifications were signed by the employee after we requested them - almost four months after the end of the year. We therefore concluded the required certifications were missing for the audit period.

We will review the status of the Department's corrective action during our next audit.

## Applicable Laws and Regulations

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

U.S. Office of Management and Budget Circular A-87 (2 CFR 225), *Cost Principles for State, Local and Indian Tribal Governments*, states:

### Appendix B, Section 8(h):

Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

**2015-014 The Department of Health did not follow established internal controls over and did not comply with Federal Financial Reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.069 Public Health Emergency Preparedness  
93.889 National Bioterrorism Hospital Preparedness Program  
**Federal Award Number:** U90TP000559  
**Applicable Compliance Component:** Reporting  
**Questioned Cost Amount:** None

### **Background**

The Department of Health administers the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs. These federal grants enhance the ability of hospitals and health care systems to prepare for and respond to public health emergencies.

The Department distributes money to hospitals, outpatient facilities, tribes, health centers, poison control centers, emergency management services and others. These entities oversee training, meetings, purchasing of supplies and equipment and generate reports for the program. The Department spent approximately \$11.9 million in Public Health Emergency Preparedness funds and \$6.5 million in Hospital Preparedness Program funds in fiscal year 2015.

In a five year period, the Department receives five amendments that all fall under the same grant award project period. The Department submits a final financial report when it has completed spending on an amendment to the original award. Staff collect supporting documentation and prepare the report. A manager then reviews the report and compares it to the supporting documentation to ensure it is accurate. One line item the Department must submit on the final report is the total amount of state funds spent on the program.

### **Description of Condition**

The Department has procedures in place but they were not effective in ensuring compliance. We found the final report submitted for the fiscal year 2013 amendment contained a material error. The Department overstated the state funds spent by \$29.8 million.

We consider this internal control weakness to constitute a material weakness.

### **Cause of Condition**

The Department did not follow its own procedures to ensure federal reports are submitted accurately. We verified a manager did sign and date the report as having been reviewed, but the review did not detect the material error.

## **Effect of Condition**

By not correctly submitting the required financial report, the federal government's ability to monitor grant funds is diminished. Grant conditions allow the grantor to penalize the Department for noncompliance, suspending or terminating the award and withholding future awards.

## **Recommendation**

We recommend the Department follow its written policies and procedures and perform an adequate review to ensure federal reports are submitted accurately.

## **Agency's Response**

*As stated in the write-up by the State Auditor's Office, the Department does have written policies and procedures for reviewing all Federal Financial Report submissions. These internal controls include separation of duties by having agency fiscal staff prepare the Federal Financial Report. The agency fiscal staff then reviews the draft report with agency program staff. Finally, the report and associated backup documentation is then given to the Grants Manager or Grants Supervisor for review, approval and submission to the federal government. The error discovered by the State Auditor's Office did occur and has been corrected. The Department strives to accurately submit all Federal Financial Reports and will continue to do so in the future.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant

agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

Federal grant award 5U90TP000559-02, page 9, states:

NOTE 14.f: ANNUAL FEDERAL FINANCIAL REPORT (FFR): The Annual Federal Financial Report (FFR) SF-425 is required and must be submitted through eRA Commons within 90 days after the end of each budget period. The FFR for this budget period is due to the Grants Management Specialist by September 30, 2014. Reporting timeframe is July 1, 2013 through June 30, 2014. The website to access eRA Commons is: <http://era.nih.gov/>

The FFR should only include those funds authorized and disbursed during the timeframe covered by the report. If the FFR is not finalized by the due date, an interim FFR must be submitted, marked NOT FINAL, and an amount of un-liquidated obligations should be annotated to reflect unpaid expenses.

**2015-015 The Department of Health did not have adequate internal controls over federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs and did not comply with federal level of effort requirements for the National Bioterrorism Hospital Preparedness Program.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.069 Public Health Emergency Preparedness 93.889 National Bioterrorism Hospital Preparedness Program
<b>Federal Award Number:</b>	U90TP000559
<b>Applicable Compliance Component:</b>	Level of Effort
<b>Questioned Cost Amount:</b>	None

## **Background**

The Department of Health administers the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs. These federal grants enhance the ability of hospitals and health care systems to prepare for and respond to public health emergencies.

The Department distributes money to hospitals, outpatient facilities, tribes, health centers, poison control centers, emergency management services and others. These entities oversee training, meetings, purchasing of supplies and equipment and generate reports on the program. The Department spent approximately \$11.9 million in Public Health Emergency Preparedness funds and \$6.5 million in Hospital Preparedness Program funds in fiscal year 2015.

Under the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness grants, the Department is required to maintain state-funded healthcare preparedness spending at a level that is at least equal to the average of the previous two years spending. The recipient of grant funds acknowledges acceptance of the award terms and conditions when it draws funds through the grant payment system. If the recipient does not agree with the terms of the award, they are required to notify the Grants Management Officer.

The Department has established written procedures to guide how it will ensure state spending requirements are met for the programs. Funds are budgeted at the beginning of the year and each quarter the Department logs and tracks current spending amounts and compares them to the amounts needed to meet federal requirements.

We reported findings in our fiscal year 2011, 2012, 2013 and 2014 audits that noted the Department did not have adequate internal controls to ensure it complied with level of effort requirements for either grant program. These were previously reported as finding numbers 11-20, 12-21, 2013-012, and 2014-016.

## **Description of Condition**

We found the Department followed its established procedures during the audit period. However, when it became known the Department would be noncompliant with the level of effort requirements

for the National Bioterrorism Hospital Preparedness program, it did not correct the shortfall or inform the grantor as required by the grant terms and conditions. Therefore the controls were not effective in ensuring compliance.

We consider this internal control weakness to constitute a material weakness.

### **Cause of Condition**

The Department budgeted a sufficient amount of state funding to meet the requirements, but did not spend the full amount that was budgeted for the National Bioterrorism Preparedness program. The Department's written procedures do not specify what staff are to do if the level of effort requirement is not going to be met. The staff member tracking expenditures informed management the Department did not meet the spending requirement, but no further action was taken.

### **Effect of Condition**

The Department spent \$3,390 under the required level for the National Bioterrorism Hospital Preparedness program. Additionally, by not contacting the federal grantor and informing them the Department would not meet its level of effort requirement, the Department did not comply with the grant agreement.

The grant agreement allows the grantor to take action for noncompliance that can include temporarily withholding funds, wholly or partly suspending or terminating the award and withholding further awards from the program.

### **Recommendation**

We recommend the Department update its written procedures to specify what actions should be taken by staff when it becomes known the Department will be noncompliant with state spending requirements. We also recommend the Department inform the grantor when it becomes aware it will be noncompliant with grant requirements.

### **Agency's Response**

*The Department concurs with the finding. The Department established, and now follows, written policies and procedures for tracking, documenting, and reporting the level of effort.*

*The Department communicated with its federal grantor to determine the best method for how and when to provide notification in the event that the required level of effort will not be met. We will be communicating with our federal partners on a quarterly basis.*

### **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

...

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

The Cooperative Agreement number 5U90TP000559-03 Terms and Conditions states, in:

Section III – Terms and Conditions-5U90TP000559-03

This award is based on the application submitted to, and as approved by, CDC on the above titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- c. 45 CFR Part 74 or 45 CFR Part 92 as applicable.

Section IV-TP Special Terms and Conditions-5U90TP000559-03

ACCEPTANCE OF THE TERMS OF AN AWARD:

By drawing or otherwise obtaining funds from the grant Payment Management Services, the grantee acknowledges acceptance of the terms and conditions of the award and is obligated to perform in accordance with the requirements of the award. If the recipient cannot accept the terms, the recipient should notify the Grants Management Officer within thirty (30) days of receipt of this award notice.

The Department of Health and Human Services Grants Policy Statement states in part:

II: Terms and Conditions of Award - Effect and Order of Precedence

Any waiver or deviations from these terms and conditions must be requested and approved in writing by the Grant Management Officer. OPDIV determination of applicable terms and conditions of award or a GMO's denial of a request to change the terms and conditions is discretionary and not subject to appeal.

A recipient indicates acceptance of an award and its associated terms and conditions by requesting and accepting funds from PMS or the designated HHS payment office for that award. If a recipient cannot accept an award, including the legal obligation to perform in accordance with its provisions, it should notify the GMO immediately upon receipt of the NoA. If resolution cannot be reached, the GMO will void the grant. Once an award is accepted by a recipient, the contents of the NoA are binding on the recipient and the OPDIV unless and until modified by a revised NoA signed by the GMO.

## 45 Code of Federal Regulations Part 92

### Subpart C--Post-award Requirements

#### Reports, Record Retention, and Enforcement

##### Sec. 92.43 Enforcement.

- a) Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:
  - 1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,
  - 2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,
  - 3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,
  - 4) Withhold further awards for the program, or
  - 5) Take other remedies that may be legally available.

**2015-016 The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.243 Substance Abuse and Mental Health Services  
Projects of Regional and National Significance  
93.959 Block Grants for Prevention and Treatment of  
Substance Abuse  
**Federal Award Number:** 2B08TI010056-13; 2B08TI010056-14;  
2B08TI010056-15; 1H79SM061705-01;  
5H79SM060196-04; 1H79TI025342-01;  
1U79TI023477-01; 1U79TI024265-01;  
1U79SP020155-01; 5H79TI023425-02  
**Applicable Compliance Component:** Subrecipient Monitoring  
**Questioned Cost Amount:** None

## **Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Department subawards some of the funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Department spent over \$38 million in grant funds during fiscal year 2015. Of this amount, almost \$12 million was passed through to 68 subrecipients.

The Department also administers the Substance Abuse and Mental Health Services Projects of Regional Significance. This federal grant program is designed to address priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Department spent approximately \$7.9 million in grant funds during fiscal year 2015. Of this amount, approximately \$2.8 million was passed through to 38 counties, school districts and nonprofit organizations as subrecipients.

Federal regulations require the Department to monitor the grant-funded activities of subrecipients. This includes ensuring organizations that spend \$500,000 or more in federal grant money during a fiscal year receive an audit of expenditures and related internal controls, in accordance with the federal Office of Management and Budget Circular A-133. The Department is also required to follow up on any findings a subrecipient receives that may affect the federal program. These requirements help ensure grant money is used for authorized purposes and within the provisions of contracts or grant agreements. Grant recipients must submit the results of these audits to a federal clearinghouse within nine months of their fiscal year-end.

We reported a finding in the fiscal year 2014 audit for the Department not having adequate controls over and not complying with requirements to ensure their subrecipients received audits when required. This was reported as finding number 2014-019.

## **Description of Condition**

The Department does not have adequate internal controls in place to verify:

- Subrecipients received required audits
- Findings are followed-up on
- Funds received are being reported for audit purposes.

During the audit period we found no evidence that the Department monitored or verified whether any subrecipients obtained a required audit.

We consider these internal control weaknesses to be a material weakness.

## **Cause of Condition**

The Department did not have policies or procedures in place to ensure subrecipients received required audits. The Department's corrective action plan for the previous finding stated in April of 2015 the Department's Behavioral Health and Services Integration Administration's accounting section began tracking subrecipients requiring audits, including tribal subrecipients. We determined this was not the case and the responsibility to perform this function was not clearly assigned to a specific unit or individual. Additionally, management did not provide sufficient oversight to ensure the requirement was met.

## **Effect of Condition**

Without establishing adequate internal controls, the Department cannot be certain all subrecipients who met the threshold for an A-133 audit complied with federal grant requirements and therefore cannot ensure it has met the monitoring requirements of its federal grantor.

## **Recommendation**

We recommend the Department develop policies and procedures and improve its monitoring of subrecipients by:

- Verifying all required audits occurred
- Following up on all subrecipient audit findings related to the program
- Ensuring subrecipients report the federal funds that are received from the Department

## **Agency's Response**

*The Department concurs with this finding.*

*The Department will establish policies and procedures to ensure that subrecipients report when they are required to receive audits and that they have received them when appropriate. The Department originally had a dedicated staff person to do this work that was not replaced due to downsizing. The Department did reassign this work to the accounting unit who also had staff turnover and insufficient staffing to cover this as well as other accounting functions. The Department will re-evaluate where this workload should be and establish roles and responsibilities to ensure that subrecipient tracking of audits is completed.*

## Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Section 510, Audit findings, states in part:

- (a) *Audit findings reported.* The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - (7) Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with §\_\_.315(b) materially misrepresents the status of any prior audit finding.

U.S. Office of Management and Budget Circular A-133, *Compliance Supplement 2015*, Part 3 – Compliance Requirements states in part:

#### Section M. Subrecipient Monitoring

##### Compliance Requirements

A pass-through entity is responsible for: ...

- *Subrecipient Audits* – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and

appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**2015-017 The Department of Social and Health Services did not have adequate internal controls over and was not compliant with its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.243 Substance Abuse and Mental Health Services  
Projects of Regional and National Significance  
93.959 Block Grants for Prevention and Treatment of  
Substance Abuse  
**Federal Award Number:** 2B08TI010056-13; 2B08TI010056-14;  
2B08TI010056-15; 1H79SM061705-01; 5H79SM060196-  
04; 1H79TI025342-01; 1U79TI023477-01;  
1U79TI024265-01;  
1U79SP020155-01; 5H79TI023425-02  
**Applicable Compliance Component:** Subrecipient Monitoring  
**Questioned Cost Amount:** None

## **Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Department subawards some of the funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Department spent over \$38 million in grant funds during fiscal year 2015. Of this amount, almost \$12 million was passed through to 68 subrecipients.

The Department also administers the Substance Abuse and Mental Health Services Projects of Regional Significance. This federal grant program is designed to address priority substance abuse treatment, prevention and mental health needs of regional and national significance. The Department spent approximately \$7.9 million in grant funds during fiscal year 2015. Of this amount, approximately \$2.8 million was passed through to 38 counties, school districts and nonprofit organizations as subrecipients.

Federal law requires state agencies to obtain a Data Universal Numbering System (DUNS) number from a subrecipient before making a sub-award. DUNS numbers are used to identify organizations that are receiving funding under grants and cooperative agreements and to provide consistent name and address data for electronic grant application systems.

We reported a finding in the fiscal year 2014 audit for the Department not having adequate internal controls over and not being compliant with collecting DUNS numbers from their subrecipients. This was reported as finding number 2014-020.

## **Description of Condition**

The Department's Block Grants for Prevention and Treatment of Substance Abuse program executed 27 subawards after July 1, 2014. Funds awarded for these contracts totaled \$1,018,405. The Department did not collect DUNS numbers from any of these subrecipients.

The Department's Substance Abuse and Mental Health Services Projects of Regional Significance program executed five subawards with four subrecipients after July 1, 2014. Funds awarded for these contracts totaled \$538,767. The Department did not collect DUNS numbers from any of these subrecipients.

We consider this control deficiency to be a material weakness.

## **Cause of Condition**

Department management was not aware of the requirement to collect DUNS numbers prior to making subawards until we conducted our 2014 audit. The Department implemented policies and procedures and other internal controls during state fiscal year 2015 to ensure the federal requirement was met, but these changes were made after the subawards had already been executed.

## **Effect of Condition**

By not obtaining DUNS numbers from every subrecipient prior to awarding federal funds, the Department cannot ensure public transparency for the money it provides.

## **Recommendation**

We recommend the Department ensure new policies and procedures are followed and monitor the collection of the DUNS numbers to ensure compliance with this requirement.

## **Agency's Response**

*The Department concurs with this finding.*

*The Department implemented a new policy, procedures and internal controls to ensure DUNS numbers were obtained from sub-recipients prior to making sub-awards in accordance to 2 CFR, Appendix A to Part 25. DUNS numbers will be recorded in the Special Terms and Conditions of all applicable contracts.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

## 2 CFR Appendix A to Part 25 – Award Term

### *B. Requirement for Data Universal Numbering System (DUNS) Numbers*

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

**2015-018 The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to sanction Temporary Assistance for Needy Families program participants who were not cooperative with the Department regarding child support issues.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.558 Temporary Assistance for Needy Families
<b>Federal Award Number:</b>	1502WATANF; 1502WATAN3; 1402WATANF
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Child Support Non-Cooperation
<b>Questioned Cost Amount</b>	\$943
<b>Likely Questioned Cost Amount:</b>	\$115,669 \$60,830

## **Background**

The Department of Social and Health Services, Community Services Division, administers the Temporary Assistance for Needy Families (TANF) grant that provides temporary cash assistance for families in need. The Department spent over \$326 million in grant funds during fiscal year 2015.

The Division of Child Support (DCS) within the Department of Social and Health Services provides child support services including paternity establishment, child support order establishment and child support collection services. TANF parents are required to cooperate with the DCS in order to help establish paternity and/or modify or enforce child support payments. The DCS is responsible for determining when a client is non-cooperative and notifying the Community Services Division where monitoring of TANF clients takes place. Federal regulations require the Department to reduce benefits if a parent is non-cooperative with DCS.

## **Description of Condition**

During the audit period the Department did not have adequate internal controls in place to ensure it complied with child support noncooperation requirements. For clients with an inactive TANF claim at time of noncooperation, the Department's process was not designed to ensure benefits were reduced if the client reapplied. After child support noncooperation was determined, the Department did not monitor sufficiently to ensure benefits were reduced.

We examined documentation for 59 TANF recipients who had received a noncooperation notice to determine whether the Department complied with federal requirements and found:

- Benefits were not properly reduced for five clients who were not cooperative.
- A record of noncooperation was not documented in three other client files. Two of the clients received improper payments after the end of the audit period.

We consider these control deficiencies to be a material weakness.

## **Cause of Condition**

The Department was unaware some non-cooperative clients' benefits were not being reduced or denied. Additionally, management did not adequately monitor to ensure the Department complied with federal requirements.

## **Effect of Condition and Questioned Costs**

By not monitoring to ensure non-cooperative clients had their benefits reduced or denied, the Department issued \$943 in improper payments to clients. Because a statistical sampling method was used to select the payments we examined, we estimate the amount of likely questioned costs to be \$115,669.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend the Department establish policies and procedures sufficient to ensure participants who are non-cooperative with DCS have their TANF benefits reduced or denied as required by federal law. We further recommend management monitor to ensure the requirements for imposing sanctions are being met.

The Department should consult with the Department of Health and Human Services to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*The Department concurs with the audit finding.*

*The Department recognizes that benefits were not properly reduced for five clients who were not cooperative with child support requirements, and that a record of noncompliance was not documented in three other client files. Two clients received improper payments after the end of the audit period.*

*The Department took immediate action to correct this audit finding. The Division of Child Support (DCS) and the Community Services Division (CSD) collaborated to identify and resolve the technical issue (CSD & DCS IT systems not communicating) that led to non-compliance. CSD is reviewing each individual case identified by the SAO, and will establish overpayments as appropriate.*

*In addition to the individual exceptions identified by the SAO, and to ensure compliance with noncooperation requirements, CSD is reviewing and will take appropriate action on all cases with noncompliance sanctions during the audit period.*

*CSD leadership will remind staff to review each case record for non-cooperation notices prior to approving TANF cash while working towards a long-term, automated solution to ensure all cases in non-cooperation status are properly sanctioned.*

*In addition to the immediate corrections, CSD and DCS will work together to proactively identify and resolve any further potential gaps in communication between CSD and DCS relative to sanctioning a shared client in noncooperation status.*

*To further prevent another technical glitch, DCS made improvements to their release planning and implementation process, including a quality assurance process to be engaged prior to new release implementation.*

*CSD has commissioned a workgroup to develop and recommend an automated solution for updating and/or flagging closed cases in noncooperation status to ensure these cases will be handled appropriately if the case is reopened.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

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- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

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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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 45, Code of Federal Regulations, Section 264.30 and 264.31-child support non-cooperation:

§264.30 What procedures exist to ensure cooperation with the child support enforcement requirements?

- (a) (1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order

needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency).

- (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child.
- (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with §260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly.
- (c) The IV-A agency must then take appropriate action by:
  - (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or
  - (2) Denying the family any assistance under the program.

§264.31 What happens if a State does not comply with the IV-D sanction requirement?

- (a) (1) If we find that, for a fiscal year, the State IV-A agency did not enforce the penalties against recipients required under §264.30(c), we will reduce the SFAG payable for the next fiscal year by one percent of the adjusted SFAG.

**2015-019 The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements of its Temporary Assistance for Needy Families grant work verification plan.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.558 Temporary Assistance for Needy Families  
**Federal Award Number:** 1502WATANF; 1502WATAN3; 1402WATANF  
**Applicable Compliance Component:** Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan  
**Questioned Cost Amount:** None

**Background**

The Department of Social and Health Services, Community Services Division, administers the Temporary Assistance for Needy Families (TANF) grant that provides temporary cash assistance for families in need. In order to receive TANF benefits participants must be engaged in entering the work force through the WorkFirst program, with limited exceptions. The Department spent over \$326 million in grant funds during fiscal year 2015.

Federal Regulations require states to report actual hours of work participation of the participants and be able to show reported activities were countable, supervised, documented and verified in accordance with a federally approved work verification plan. Within the work verification plan the state identifies the internal controls designed to ensure established work verification procedures are properly being followed. One of the primary internal controls the Department specified was contract monitoring of entities who directly administer and supervise WorkFirst participation. There are three state agencies that provide these services and must be monitored by the Department. These agencies received approximately \$44 million in grant funds during fiscal year 2015.

**Description of Condition**

During the audit period the Department did not conduct the contract monitoring required by its work verification plan. The Department was supposed to conduct monitoring by receiving supporting documentation from each of the three agencies that provided services. The Department received partial support from one agency and no supporting documentation from the other two.

We consider these internal control weaknesses to constitute a material weakness

**Cause of Condition**

Department management stated that while they were aware of the requirement they did not request the required documentation and did not conduct any of the required monitoring. The Department added that insufficient staffing was the primary reason for the lack of monitoring. Additionally, management did not adequately monitor to ensure the Department complied with the federal requirements.

## **Effect of Condition**

Without monitoring the contracted agencies, the Department was not able to ensure the accuracy of the data used in calculating work participation rates and was not in compliance with the requirements of its work verification plan. Federal law allows the grantor to penalize the state between one and five percent of the grant award amount for violation of these requirements.

## **Recommendation**

We recommend the Department follow its federally approved work verification plan, by adequately monitoring its contracts with other state agencies.

## **Agency's Response**

*The Department concurs with the audit finding.*

*The Department will take swift action to correct this audit finding. As an immediate fix, the responsible Community Services Division (CSD) staff will create automated, electronic reminders to request the partner agencies monitoring reports and schedules as appropriate.*

*CSD will initiate a workgroup that will develop effective monitoring tools and schedules to ensure all contract monitoring obligations are met. The schedule will include retroactively monitoring and taking appropriate action on the partner contracts for the audit period. This workgroup will also recommend additional staffing to remedy workload issues, if warranted. CSD leadership will ensure the tools and schedules are effectively implemented.*

*CSD will create an internal quality assurance process to further ensure staff continue to adequately monitor the contracts.*

*While the Department concurs with the audit finding and will swiftly initiate and implement corrective action to resolve the finding, the Department would also like to note that inadequate contract monitoring is not the sole activity quantifying the accuracy of the data used in calculating the work participation rates. Section IV (B1) of the Work Verification Plan describes multiple internal controls Washington employs to ensure accuracy of the data used to calculate the work participation rate.*

*These internal controls include an extensive Quality Assurance (QA) process that the Department conducts on an annual basis for each of the three contracted agencies. Through the QA process, the integrity and accuracy of the data provided for the work participation rate are reviewed and verified. Therefore, the Department asserts that the reliability and accuracy of actual hour reporting is verified through multiple processes, not just through contract monitoring.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 45, Code of Federal Regulations, which states in part:

§261.61 How must a State document a work-eligible individual's hours of participation?

- (a) A State must support each individual's hours of participation through documentation in the case file. In accordance with § 261.62, a State must describe in its Work Verification Plan the documentation it uses to verify hours of participation in each activity.
- (b) For an employed individual, the documentation may consist of, but is not limited to pay stubs, employer reports, or time and attendance records substantiating hours of participation. A State may presume that an employed individual participated for the total number of hours for which that individual was paid.
- (c) The State must document all hours of participation in an activity; however, if a State is reporting projected hours of actual employment in accordance with § 261.60(c), it need only document the hours on which it bases the projection.
- (d) For an individual who is self-employed, the documentation must comport with standards set forth in the State's approved Work Verification Plan. Self-reporting by a participant without additional verification is not sufficient documentation.
- (e) For an individual who is not employed, the documentation for substantiating hours of participation may consist of, but is not limited to, time sheets, service provider attendance records, or school attendance records. For homework time, the State must also document the homework or study expectations of the educational program.

§261.62 What must a State do to verify the accuracy of its work participation information?, states in part:

- (a) To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP-MOE Data Report, each State must:
  - (1) Establish and employ procedures for determining whether its work activities may count for participation rate purposes;
  - (2) Establish and employ procedures for determining how to count and verify reported hours of work;

- (3) Establish and employ procedures for identifying who is a work-eligible individual;
  - (4) Establish and employ internal controls to ensure compliance with the procedures; and
  - (5) Submit to the Secretary for approval the State's Work Verification Plan in accordance with paragraph (b) of this section.
- (b) A State's Work Verification Plan must include the following:
- (5) A description of the internal controls that the State has implemented to ensure a consistent measurement of the work participation rates, including the quality assurance processes and sampling specifications it uses to monitor adherence to the established work verification procedures by State staff, local staff, and contractors.

§261.65 Under what circumstances will we impose a work verification penalty?

- (a) We will take action to impose a penalty under §262.1(a)(15) of this chapter if:
  - (2) We determine that the State has not maintained adequate documentation, verification, or internal control procedures to ensure the accuracy of the data used in calculating the work participation rates.

**2015-020 The Department of Social and Health Services did not have adequate internal controls in place to ensure compliance with the maintenance of effort requirements for the Temporary Assistance for Needy Families grant program.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.558 Temporary Assistance for Needy Families  
**Federal Award Number:** 1502WATANF; 1502WATAN3; 1402WATANF  
**Applicable Compliance Component:** Level of Effort  
**Questioned Cost Amount:** None

## **Background**

The Department of Social and Health Services, Community Services Division, administers the Temporary Assistance for Needy Families (TANF) grant that provides temporary cash assistance for families in need. The Department spent over \$326 million in grant funds during fiscal year 2015.

Federal regulations require the Department to maintain state spending at certain levels in order to meet federal grant requirements. This is referred to as maintenance of effort (MOE) and includes:

- Maintain qualified state expenditures for eligible families at a level that is at least 80 percent of historic state expenditures. Qualified expenditures with respect to eligible families may come from all programs, such as the state's TANF program as well as programs separate from the state's TANF program.
- Maintain qualified state expenditures at a level that is more than 100 percent of its historic state expenditures for fiscal year 1994 in order to keep any of the federal contingency funding it received.
- A state's records must show all the costs are verifiable.

During fiscal year 2015, the Department claimed almost \$123 million of their own spending as well as \$429 million in MOE expenditures from ten programs, including six other state agencies and one non-profit organization. These expenditures were not part of the State's TANF program.

## **Description of Condition**

The Department did not adequately monitor expenditures throughout the year to ensure it would meet the MOE requirements. Instead, the Department waited until the end of the year to determine whether it spent enough state funds. Additionally, the staff responsible for submitting and approving the reports were unable to provide sufficient documentation to support that the amounts they reported were accurate and for allowable purposes.

We consider these internal control weaknesses to constitute a material weakness.

## **Cause of Condition**

The Department did not have written policies or procedures in place to ensure it complied with maintenance of effort requirements. Additionally, management did not adequately monitor to ensure the Department complied with the federal requirements. Until we requested records, Department staff were not aware adequate supporting documentation for expenditures was not used when reporting the MOE expenditures to the federal government.

## **Effect of Condition**

By not monitoring to ensure MOE requirements are being met, the Department did not know if it would be compliant until after the year had ended. Additionally, by not reviewing adequate supporting documentation prior to reporting the MOE amount to the grantor, the report preparer and approver did not know whether the amounts reported were allowable and not used as MOE for any other federal programs.

We determined the Department met the MOE requirement for fiscal year 2015. However, if the Department does not improve internal controls and the state does not meet the basic MOE requirement in the future, the grantor can reduce future grants in the amount of the shortage.

## **Recommendation**

We recommend the Department establish policies and procedures and improve other internal controls sufficient to ensure it collects and reviews adequate documentation to support all MOE expenditures. We also recommend that management monitor throughout the year to ensure that the federal requirements are met.

## **Agency's Response**

*The Department concurs with the finding.*

*The Department agrees that its written policies and procedures are not well-organized or structured, and that internal controls need to be improved.*

*The majority of the reported MOE was provided by other state agencies and one non-profit entity, the same as in previous years. The Department maintains that there is a low risk that these entities would not provide the agreed upon MOE. This assertion is based on the historical performance and relationship between the Department and these entities.*

*Department data, research and information technology staff worked closely with their counterparts from the source entities during the year to ensure that the data reported at the end of the year would be accurate and that only allowable expenditures were reported to the Department.*

*In addition, the Economic Services Administration's Division of Finance and Financial Recovery (DFFR) accounting staff work with appropriate Community Services Division (CSD) staff continuously throughout the year to verify MOE expenditures and monitor state policy changes that may affect expenditures.*

*The Department agrees that these policies and procedures need to be better documented, organized, available in writing, and accessible. The Department will more fully document internal controls,*

*policies and procedures specific to monitoring expenditures throughout the year (minimum of quarterly), in order to ensure that the minimum MOE requirements will be met. These policies and/or procedures will also identify the steps and processes for staff to ensure that the MOE claim is accurate and allowable. The Department will document and follow the specific steps required for management to appropriately monitor compliance with federal reporting requirements.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows:

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performing the control does not possess the necessary authority or competence to perform the control effectively.

**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.

**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 the event 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.

**Remote.** The chance of the future event or events occurring is slight.

**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.

45 CFR section 263 Expenditures of State and Federal TANF Funds, states in part

Section 263.1 – How much State money must a State expend annually to meet the basic MOE requirement, states in part:

(a)(1) The minimum basic MOE for a fiscal year is 80 percent of a State’s historic State expenditures.

Section 263.2 – What kinds of State expenditures count toward meeting a State’s basic MOE expenditure requirement, states in part:

- (e) Expenditures for benefits or services listed under paragraph (a) of this section may include allowable costs borne by others in the State (e.g., local government), including cash donations from non-Federal third parties (e.g., a non-profit organization) and the value of third party in-kind contributions if:
- (1) The expenditure is verifiable and meets all applicable requirements in 45 CFR 92.3 and 92.24;
  - (2) There is an agreement between the State and the other party allowing the State to count the expenditure toward its MOE requirement; and,
  - (3) The State counts a cash donation only when it is actually spent.

Section 263.8 - What happens if a State fails to meet the basic MOE requirement?

- (a) If any State fails to meet its basic MOE requirement for any fiscal year, then we will reduce dollar-for-dollar the amount of the SFAG payable to the State for the following fiscal year.
- (b) If a State fails to meet its basic MOE requirement for any fiscal year, and the State received a WtW formula grant under section 403(a)(5)(A) of the Act for the same fiscal year, we will also reduce the amount of the SFAG payable to the State for the following fiscal year by the amount of the WtW formula grant paid to the State.

Section 263.9 May a State avoid a penalty for failing to meet the basic MOE requirement through reasonable cause or corrective compliance?

No. The reasonable cause and corrective compliance provisions at §§ 262.4, 262.5, and 262.6 of this chapter do not apply to the penalties in § 263.8.

Section 264.72 What requirements are imposed on a State if it receives contingency funds, states in part:

- (a) (1) A State must meet a Contingency Fund MOE level of 100 percent of historic State expenditures for FY 1994.
- (2) A State must exceed the Contingency Fund MOE level to keep any of the contingency funds that it received. It may be able to retain a portion of the amount of contingency funds that match countable State expenditures, as defined in § 264.0, that are in excess of the State's Contingency Fund MOE level, after the overall adjustment required by section 403(b)(6)(C) of the Act.

**2015-021 The Department of Social and Health Services did not have adequate internal controls in place for submitting quarterly and annual reports for the Temporary Assistance for Needy Families Grant.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.558 Temporary Assistance for Needy Families  
**Federal Award Number:** 1502WATANF; 1502WATAN3; 1402WATANF  
**Applicable Compliance Component:** Reporting  
**Questioned Cost Amount:** None

**Background**

The Department of Social and Health Services, Community Services Division, administers the Temporary Assistance for Needy Families (TANF) grant that provides temporary cash assistance for families in need. In order to receive TANF benefits participants must be engaged in entering the work force through the WorkFirst program, with limited exceptions. The Department spent over \$326 million in grant funds during fiscal year 2015.

Federal regulations require the Department to file quarterly financial reports that includes spending data on the use of federal TANF funds as well as state TANF funds. The state TANF spending is required to be maintained at a specific level in order to meet federal maintenance of effort requirements. The Department is required to file an annual report containing information on the TANF program and the state's maintenance of effort spending for that year. The Department must maintain records that show all costs are allowable and verifiable.

**Description of Condition**

The Department did not have adequate internal controls in place to ensure it complied with grant reporting requirements for financial reports or its annual report. The Department reported \$551,697,292 in state spending for federal fiscal year 2014, but the documentation used by the preparer and reviewer only supported \$122,741,657. The other \$428,955,636 consisted of spending by other state agencies and one nonprofit organization. Each of these entities told the Department how much they spent, but the staff submitting the reports did not verify the amounts were accurate, allowable and adequately supported before reporting them to the federal government.

We consider these internal control weaknesses to constitute a material weakness.

**Cause of Condition**

The Department did not have written policies or procedures in place to ensure it complied with reporting requirements. The staff who prepared the reports relied on emails received from other state agencies and one non-profit entity for support and believed this was sufficient. Additionally, management did not adequately monitor to ensure the Department complied with the federal requirements.

## **Effect of Condition**

By not ensuring the accuracy of the required quarterly and annual reports, the federal government's ability to monitor grant funds is diminished. Additionally, grant conditions allow the grantor to penalize the Department for noncompliance, including suspending or terminating the award. 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.

## **Recommendation**

We recommend the Department:

- Improve internal controls sufficient to ensure reporting requirements are met.
- Verify expenditures reported as state maintenance of effort to ensure they are allowable and adequately supported.
- Maintain adequate documentation to support reports filed with its federal grantor.

## **Department's Response**

*The Department concurs with the overall findings of the State Auditor's Office and appreciates the State Auditor's Office acknowledgement that they have verified the amounts reported by the Department were materially correct.*

*The Department asserts that staff completing the reports reviewed documentation and analyzed costs to confirm that reported MOE was allowable per federal regulations. This documentation, which includes a comprehensive matrix that identifies services and confirms allowability, was reviewed prior to the MOE being reported to the federal government.*

*The Department confirmed that expenditures were not used by the source entities to match other federal dollars. The Department's research and data unit and information technology staff worked closely with data research and information technology staff from the source entities throughout the year to ensure that the data reported at the end of the year would be accurate and that only allowable expenditures were reported. The Department has obtained certifications from the source entities for the audit period in question and will continue to do so for future reporting.*

*The preparer, reviewer, and approver are aware that the supporting data exist. This awareness, in addition to ongoing communication with data research and information technology staff and between the Department and the source entities, provided confidence that the reported MOE expenditures were accurate and allowable per federal guidelines.*

*The Department agrees that documentation should be immediately available, well-organized, and updated as appropriate. The Department will develop written procedures and policies requiring yearly certifications for the MOE prior to reporting to the federal government. These items will identify the steps and processes for staff to ensure that the MOE is accurate and allowable. The Department will also develop and implement additional controls to ensure reporting requirements are met.*

## Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance, to the affected government program.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 45, Code of Federal Regulations

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

Section 263.2 – What kinds of State expenditures count toward meeting a State’s basic MOE expenditure requirement, states in part:

(d) Expenditures for benefits or services listed under paragraph (a) of this section may include allowable costs borne by others in the State (e.g., local government), including cash donations from non-Federal third parties (e.g., a non-profit organization) and the value of third party in-kind contributions if:

(1) The expenditure is verifiable and meets all applicable requirements in 45 CFR 92.3 and 92.24;

(2) There is an agreement between the State and the other party allowing the State to count the expenditure toward its MOE requirement; and,

(3) The State counts a cash donation only when it is actually spent.

**2015-022** The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure only eligible refugees of the Refugee and Entrant Assistance program received cash assistance.

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.566 Refugee and Entrant Assistance – State Administered Programs
<b>Federal Award Number:</b>	1401WARCMA 1501WARCMA
<b>Applicable Compliance Component:</b>	Eligibility
<b>Questioned Cost Amount:</b>	\$23,213
<b>Likely Questioned Cost Amount</b>	\$134,655

## **Background**

The Department of Social and Health Services, through their Office of Refugee and Immigrant Assistance, administers the Refugee and Entrant Assistance program. One of the benefits of the program, which is available to qualified applicants, is Refugee Cash Assistance (RCA).

To be eligible to receive cash assistance, applicants must meet all the following requirements:

- Enter the United States with an eligible immigration status
- Provide documents verifying their immigration status and date of arrival
- Provide the name of the voluntary agency which resettled the refugee
- Meet income and resource requirements
- Meet work and training requirements
- Be ineligible for other Temporary Assistance for Needy Families (TANF) or Supplemental Social Security Income

The Department is responsible for determining eligibility for all applicants. Department staff at Community Service Offices enter applicant's information into an automated eligibility system that assists in determining what federal programs applicants are eligible for, including Refugee Cash Assistance (RCA). As a condition for receipt of RCA, a refugee must (with very few exemptions), register and participate in employment services.

The Department contracts with employment providers to ensure that employability services are available. Case notes are required to be entered in the Department's case management system indicating whether the client adequately met the work and training requirements. Failure to participate in the work and training activities results in the client being ineligible to receive cash assistance.

In fiscal year 2015, the Department spent approximately \$12 million in grant funds, with almost \$1.5 million paid as cash assistance to 838 clients.

We reported a finding in the fiscal year 2014 audit that the Department did not have adequate internal controls over and was not compliant with ensuring only eligible refugees received cash assistance. This was reported as finding number 2014-021.

## **Description of Condition**

We found the Department did not have adequate internal controls to ensure only eligible refugees received cash assistance and to ensure that refugees receiving RCA met the minimum requirements. We randomly selected and examined records for 83 clients and found:

- Thirteen (16 percent) applicant files lacked required documentation to evidence they participated in required employment services. These applicants received improper payments totaling \$12,361.
- Two clients were eligible for TANF. Therefore, making them ineligible to receive RCA. These applicants received improper payments totaling \$976.

Additionally, we examined records for 30 minor clients and found:

- Twenty-six minors were part of 11 households eligible for TANF. Therefore, the minors were ineligible for RCA. These applicants received improper payments totaling \$9,876.

We consider these internal control weaknesses to constitute a material weakness.

## **Cause of Condition**

The Department lacked an adequate process for staff to consistently track RCA recipients to ensure their registration and participation with employment and training providers.

Management did not sufficiently monitor staff to ensure they were verifying client participation in work and training activities and input information accurately in the Department's automated eligibility system. If the information had been input properly, the 11 households would have been deemed eligible for TANF, prior to being authorized as eligible for refugee cash assistance.

## **Effect of Condition and Questioned Costs**

Without having adequate internal controls in place, the Department is at a higher risk for approving cash assistance benefits for ineligible clients. This resulted in the Department making improper payments with federal funds. A statistical sampling method was used to randomly select clients examined in the audit. We estimate the amount of likely questioned costs to be \$134,655.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend the Department establish adequate internal controls to ensure only eligible clients receive refugee cash assistance. The Department should establish procedures to track work and training activities for eligible clients.

The Department should consult with the U.S. Department of Health and Human Services to determine what, if any, of the questioned costs should be repaid.

## Agency's Response

*The Department concurs with the overall findings of the State Auditor's Office.*

*The Department agrees that during the audit period, refugees were improperly enrolled in Refugee Cash Assistance (RCA) when they were eligible for and should have been enrolled in TANF. RCA is available for refugees who are ineligible for TANF and other federal benefits for up to eight months after the date of arrival.*

*The Department also agrees that for part of the audit period, it lacked the ability to ensure that refugees receiving RCA registered and participated in employability services. It is important to note that, unlike the two applicants identified in the report as being improperly approved for RCA because they were eligible to receive TANF, the thirteen applicants identified as lacking documentation were ineligible for TANF and eligible for and properly enrolled in RCA. The Department considers these clients to be potentially ineligible because of a lack of documentation.*

*The Department takes seriously its responsibility to provide strong program oversight through appropriate internal controls. Immediately following receipt of the recommendations articulated in the SFY2014 SWSA audit, ORIA implemented many action items aimed at resolving the findings. Unfortunately, the timing of the audit and subsequent findings allowed only three months (April, May, and June 2015) for the corrective action plan to be fully effective. The majority of the clients identified as not referred to Work and Training (W&T) in the current audit were enrolled prior to the full implementation of the corrective action plan items.*

*For the FY14 audit, the SAO sampled 57 clients and determined that four applicants (about seven percent of the sample) were improperly approved for RCA benefits because they were eligible to receive TANF, and 10 applicants (about 17% of the sample) lacked required documentation.*

*The Department's accuracy rate increased and questioned costs decreased (despite the increased sample size) in both areas (eligibility and documentation) during the FY15 audit. For this audit, the SAO sampled a larger selection of clients (83) and determined that two applicants (about two percent of the sample) were improperly approved for RCA benefits because they were eligible to receive TANF, and 13 applicants (about 16% of the sample) lacked required documentation.*

<b>FY2014 Audit</b>		<b>FY2015 Audit</b>	
Sample Size = 57		Sample Size = 83	
<i>Ineligible</i>	<i>Lacked Documentation</i>	<i>Ineligible</i>	<i>Lacked Documentation</i>
4	10	2	13
Accuracy Rate = 93%	Accuracy Rate = 82%	Accuracy Rate = 98%	Accuracy Rate = 84%
Questioned Costs = \$2,420	Questioned Costs = \$12,870	Questioned Costs = \$976	Questioned Costs = \$12,361

*In January 2015, prior to receipt of the SWSA14 audit findings, the Community Services Division (CSD) introduced an RCA referral tool in the electronic Jobs Automated System (eJAS). The tool requires CSD staff to complete an employability screening for eligible clients and to create a referral to an authorized employment provider. With the introduction of the RCA referral tool in eJAS there now exists a system to refer and track RCA recipients. This has significantly increased appropriate referrals, and the Department will ensure continued staff training and monitoring is provided to*

*ensure that this new automated system is functioning and that all eligible refugees are referred to W&T programs.*

*CSD will continue to ensure all CSO staff receive annual training to facilitate accurate RCA eligibility determination and W & T referrals. To complement the annual training, ORIA program managers will regularly visit local offices across the state to provide outreach and onsite technical assistance to ensure staff are appropriately trained and able to make accurate RCA eligibility determinations and W & T referrals.*

*ORIA will continue to review, track, and monitor RCA enrollments and employment referrals through a monthly report from the ESA Management Accountability and Performance Statistics unit. For those clients not referred to a W&T program, ORIA will work with CSD Operations staff to correct errors in eligibility determination and employment referrals.*

*ORIA will work with ESA's Information Technology Solutions team to explore the feasibility of implementing a system edit, or "hard stop" to prevent financial workers from inappropriately enrolling a minor into an RCA (in the Automated Client Eligibility System).*

*In addition to the newly implemented controls, the Department employs the following efforts to ensure that only eligible clients are enrolled in the RCA program:*

- *When processing client eligibility, Community Service Division (CSD) staff first determine eligibility for TANF. Refugees who are age 65 or older and are ineligible for TANF can be authorized for RCA immediately at the same time that they are referred to receive assistance with applying for Social Security Administration benefits (SSI). If ineligible for TANF or SSI, refugees are eligible to receive up to eight months of RCA from the date of arrival in the U.S.*
- *Supervisors audit staff work monthly. These audits consist of full case reviews of probationary staff for which 100% of their case work is audited, as well as ongoing, periodic full case reviews of permanent (non-probationary) staff.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
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Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

45 CFR section 400.53 General eligibility requirements states in part:

- (a) Eligibility for refugee cash assistance is limited to those who—
  - (1) Are new arrivals who have resided in the U.S. less than the RCA eligibility period determined by the ORR Director in accordance with § 400.211;
  - (2) Are ineligible for TANF, SSI, OAA, AB, APTD, and AABD programs;

45 CFR section 400.75 Registration for employment services, participation in employability service programs and targeted assistance programs, going to job interviews, and acceptance of appropriate offers of employment , states in part:

- (a) As a condition for receipt of refugee cash assistance, a refugee who is not exempt under § 400.76 of this subpart must, except for good cause shown—
  - (1) Register with an “appropriate agency providing employment services,” as defined in § 400.71, and within 30 days of receipt of aid participate in the employment services provided by such agency, as defined in § 400.154(a) of this part.
  - (2) Go to a job interview which is arranged by the State agency or its designee.
  - (3) Accept at any time, from any source, an offer of employment, as determined to be appropriate by the State agency or its designee.
  - (4) Participate in any employability service program which provides job or language training in the area in which the refugee resides, which is funded under section 412(c) of the Act, and which is determined to be available and appropriate for that refugee; or if such a program funded under section 412(c) is not available or appropriate in the area in which the refugee resides, any other available and appropriate program in such area.
  - (5) Participate in any targeted assistance program in the area in which the refugee resides, which is funded under section 412(c) of the Act, and which is determined to be available and appropriate for that refugee.
  - (6) (i) Accept an offer of employment which is determined to be appropriate by the local resettlement agency which was responsible for the initial resettlement of the refugee or by the appropriate State or local employment service;
    - (ii) Go to a job interview which is arranged through such agency or service; and

- (ii) Participate in a social service or targeted assistance program which such agency or service determines to be available or appropriate.

WAC 388.466.0150 Refugee employment and training services, states:

- (1) What are refugee employment and training services?  
Refugee employment and training services provided to eligible refugees may include information and referral, employment oriented case management, job development, job placement, job retention, wage progression, skills training, on-the-job training, counseling and orientation, English as a second language, and vocational English training.
- (2) Am I required to participate in refugee employment and training services?  
If you are receiving refugee cash assistance (RCA) you are required to participate in refugee employment and training services, unless you are exempt.
- (3) How do I know if I am exempt from mandatory employment and training requirements?
  - (a) You may be exempt from participation in employment and training requirements if:
    - (i) You are needed in the home to personally provide care for your child under three months of age (see WAC388-310-0300);
    - (ii) You are sixty years of age or older.
  - (b) You can not be exempt from work and training requirements solely because of an inability to communicate in English.
- (4) If I am required to participate, what do I have to do?  
You are required to:
  - (a) Register with your employment service provider;
  - (b) Accept and participate in all employment opportunities, training or referrals, determined appropriate by the department.
- (5) What happens if I do not follow these requirements?  
If you refuse without good reason to cooperate with the requirements, you are subject to the following penalties:
  - (a) If you are applying for refugee cash assistance, you will be ineligible for thirty days from the date of your refusal to accept work or training opportunity; or
  - (b) If you are already receiving refugee cash assistance, your cash benefits will be subject to financial penalties.
  - (c) The department will notify your voluntary agency (VOLAG) if financial penalties take place.
- (6) What are the penalties to my grant?  
The penalties to your grant are:
  - (a) If the assistance unit includes other individuals as well as yourself, the cash grant is reduced by the sanctioned refugee's amount for three months after the first occurrence. For the second occurrence the financial penalty continues for the remainder of the sanctioned refugee's eight-month eligibility period.
  - (b) If you are the only person in the assistance unit your cash grant is terminated for three months after the first occurrence. For the second occurrence, your grant is terminated for the remainder of your eight-month eligibility period.
- (7) How can I avoid the penalties?  
You can avoid the penalties, if you accept employment or training before the last day of the month in which your cash grant is closed.
- (8) What is considered a good reason for not being able to follow the requirements?

You have a good reason for not following the requirements if it was not possible for you to stay on the job or to follow through on a required activity due to an event outside of your control. See WAC 388-310-1600 (3) for examples.

**2015-023 The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**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  
**Federal Award Number:** G1401WACCDF; G1501WACCDF  
**Applicable Compliance Component:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$64,802  
**Likely Questioned Cost Amount:** \$85,239,118

**Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development grant to assist eligible working families in paying for child care. The Department of Social and Health Services (DSHS) determines client eligibility and pays child care providers under an agreement with DEL. Child care providers consist of licensed centers, licensed in-home providers and friends, family or neighbors (FFNs).

DEL is responsible for establishing adequate policies and procedures to ensure payments are allowable. In fiscal year 2015, the Department made an estimated 96,000 payments to providers consisting of over 626,000 monthly child care subsidy payments. These payments totaled approximately \$200 million in federal grant funds, as well as \$51.5 million in state funds.

*Authorizations for child care*

To be authorized for child care services, parents must be determined eligible based on their income, residency and demonstrated need based on their work schedules. Once parents are determined eligible, DSHS authorizes one of two service levels. For licensed providers, the service levels are generally either 23 full-day units (up to ten hours a day) or 30 half-day units (up to five hours a day). FFN providers are paid by the hour and authorizations are made for either part-time care (up to 110 hours) or full-time care (up to 230).

The authorized service level is based on the parent’s work schedule, which is also required to be documented and updated with DSHS when it changes significantly. Payments for child care are only allowable if they are properly approved, adequately documented and for actual worked hours.

*Attendance records*

According to state rules, child care providers must maintain attendance records to support their requests for payment. At a minimum, the records must include the children’s names, date(s) child care was provided and authorized signatures documenting the times the child arrived and left care.

### *DEL Subsidy auditor reconciliations*

Providers are not required to submit attendance records with their monthly requests for payment. DEL has established a subsidy audit unit that randomly selects prior payments for review. To determine if payments were allowable and properly supported, providers are requested to submit attendance records and other supporting documentation, which are reconciled to paid invoices.

DEL subsidy auditors completed 1,072 reconciliations during the audit period. DEL auditors identified 701 instances (65 percent) of provider overpayments during their reconciliations and assessed overpayments that totaled \$536,000. The identified overpayments represented 12.5 percent of the total payments reviewed.

The most common reasons DEL's reconciliations determined overpayments occurred were:

- Providers overbilled because child care was not provided.
- Providers did not maintain required attendance records.
- Providers billed and were paid for the maximum amount of authorized childcare, regardless if services aligned with the family's established work schedule.
- Providers made billing errors relating to absence days.

### *Prior audit results*

Since fiscal year 2005, we have reported the Departments have not established adequate internal controls to prevent unallowable payments. During fiscal years 2010 and 2011, we found DSHS did not adequately reconcile attendance records with child care payments. In fiscal year 2012 DEL assumed this process, but only reconciled one month of child care payments to attendance records. In fiscal year 2013, we found no reconciliations of fiscal year 2013 months of service were performed. In 2014, reconciliations were initiated for three months of the fiscal year and the rest of the reconciliations were for services months in prior fiscal years. The most recent audit finding numbers were 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13.

In October 2012, our Office issued an accountability audit report titled, "Audit of State Payments to Child Care Providers," covering the period from July 1, 2010 to June 30, 2011. Using a statistical sample of 153 providers, the audit identified actual overpayments of \$1.6 million and total estimated overpayments of \$73.9 million. The audit also identified \$2.9 million in payments supported by questionable documentation, with estimated questionable payments that totaled of \$34.9 million. The payments examined in the audit were funded by both state and federal grants.

### **Description of Condition**

We found the Departments continue to lack adequate internal controls to prevent and detect significant unallowable payments to child care providers. In response to the most recent audit finding, DEL said it would work to address the internal control weaknesses by having dedicated staff perform payment reconciliations. DEL also said it would seek timely reimbursements from providers for overpayments.

DEL has a desk manual that contains steps for subsidy auditors to follow when performing reconciliations. However, management instructed subsidy auditors to disregard some of the desk

manual criteria during the audit period. For the audit period, DEL's reconciliation steps used included the following:

- Determine if submitted provider attendance records are complete and contact the provider if records are incomplete.
- Examine attendance records for reasonability and allow for partial parental/guardian signatures and/or names of children without signatures.
- Determine allowable region rates for the provider by region and child's age, and compare this to the billed invoice.
- Allow unlimited absence days per month as long as the child attended for one day of the month.
- Determine any allowable holidays providers were allowed to bill.

The criteria that was disregarded included key internal control components such as comparing attendance records and provider billings to the approved child care schedule and not limiting absences as required by state regulations.

We randomly selected and examined 399 payments for child care totaling \$155,846 in federal funds to determine if they were allowable. Of the 399 payments, 133 were selected from each of three provider types: licensed centers, licensed in-home providers and FFNs. With assistance from DEL, we requested attendance records from providers that supported the payments. We also compared the providers' records to the case files to determine if the payments were allowed by federal and state regulations, as well as DEL's internal policies.

We found 263 payments were partially or completely unallowable with questioned costs totaling \$64,802. For the payments we examined, overpayments were found for 94 percent of FFNs, 57 percent for licensed in-home care providers and 47 percent for licensed centers.

The reasons we found that overpayments occurred were:

- Some providers billed the maximum childcare authorized regardless of the amount of actual services performed, or required by the parent's work schedules.
- Providers overbilled for services not performed.
- Attendance records were not provided upon request or were inadequate to support payments.

We consider these internal control weaknesses to constitute a material weakness.

### **Cause of Condition**

Sufficient preventative internal controls did not exist to ensure payments were allowable. While the authorizations establish a maximum for what providers may bill without further approval, it does not prevent providers from billing for unallowable days or hours. Childcare providers are not required to submit any supporting documentation before payments are made. The authorization maximums also do not prevent clients from using child care when they are not working.

While DEL subsidy auditors reviewed some payments (1.6 percent), they specifically did not consider certain components required by state regulations, such as comparing attendance records with payments and the documented working schedule for the parents. Therefore, while the DEL auditors' reconciliations identified overpayments 65 percent of the time, they likely did not detect

all overpayments during their reviews. Audits for providers with overpayments were not expanded to determine if the issues were systemic.

### **Effect of Condition and Questioned Costs**

By not having adequate internal controls in place, the state is at a higher risk of making improper payments for child care services. Additionally, by not considering all criteria required by state regulations, DEL auditors may not detect all improper payments when performing reconciliations. By not expanding its audits when overpayments are found, DEL may not be identifying providers with systemic billing issues.

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 questioned costs to be \$85,239,118. The statistical sample that was used for testing was also used to test compliance with eligibility and period of performance requirements. Because some payments we examined were unallowable for violating multiple federal compliance requirements, some of the questioned costs reported here may also be reported in findings number 2015-026 and 2015-027.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

Many of the improper payments were partially funded by state dollars. Specifically, we found \$18,667 of improper state payments, which projects to a likely improper payment amount of \$24,956,886. This amount is not included in the federal questioned costs.

### **Recommendation**

We recommend the Departments implement preventative internal controls over payments to providers to reduce the rate of unallowable payments.

Further, we also recommend DEL continue to improve its reconciliation process by following Departmental policies, testing to all federal and state regulations when reviewing provider payments, and reviewing payments more timely.

Finally, when significant provider overpayments are found, DEL auditors should expand their examinations to determine if the issue is isolated or systemic.

### **Agency's Response**

*DEL concurs with this finding and recommendations.*

*DEL is actively taking steps to reduce overpayments including changes to the program rules, policy clarifications, provider feedback and training, record keeping templates, improved communication between DEL and DSHS, assigned audit caseloads, auditor training, and risk-based auditing techniques. DEL has moved to a system of auditing providers based on month of payment rather than month of service in an effort to improve the timeliness of audit reviews.*

*DEL's efforts to reduce overpayments and identify fraud are undertaken in the context of a manual, paper-based attendance and billing system not conducive to accurate billing or fraud detection. DEL has and will continue to request funding for an electronic time and attendance billing system whereby attendance data for all providers is available and reconciled to billing before payment is*

*made. In addition to preventing provider error, such a system would eliminate many forms of potential fraud.*

*DEL believes addressing the root causes of the high level of unintentional errors will result in greater decreases in improper payments. In addition, DEL will undertake expanded record review in cases where DEL has information to suggest it is likely to uncover additional types of billing errors, return substantial sums to the grant, or assist with fraud investigations.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

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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.

Title 45 Code of Federal Regulations, Section 98.20 - A child's eligibility for child care services, states:

- (a) In order to be eligible for services under § 98.50, a child shall:
  - (1) (i) Be under 13 years of age; or,
    - (ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision;
  - (2) Reside with a family whose income does not exceed 85 percent of the State's median income for a family of the same size; and
  - (3) (i) Reside with a parent or parents (as defined in § 98.2) who are working or attending a job training or educational program; or
    - (ii) Receive, or need to receive, protective services and reside with a parent or parents (as defined in § 98.2) other than the parent(s) described in paragraph (a)(3)(i) of this section.
      - (A) At grantee option, the requirements in paragraph (a)(2) of this section and in § 98.42 may be waived for families eligible for child care pursuant to this paragraph, if determined to be necessary on a case-by-case basis by, or in consultation with, an appropriate protective services worker.
      - (B) At grantee option, the provisions in (A) apply to children in foster care when defined in the Plan, pursuant to § 98.16(f)(7).
- (b) Pursuant to § 98.16(g)(5), a grantee or other administering agency may establish eligibility conditions or priority rules in addition to those specified in this section and §98.44 so long as they do not:
  - (1) Discriminate against children on the basis of race, national origin, ethnic background, sex, religious affiliation, or disability;
  - (2) Limit parental rights provided under Subpart D; or
  - (3) Violate the provisions of this section, § 98.44, or the Plan. In particular, such conditions or priority rules may not be based on a parent's preference for a category of care or type of provider. In addition, such additional conditions or rules may not be based on a parent's choice of a child care certificate.

Title 45 Code of Federal Regulations, section 98.50 - Child care services, states in part:

- (a) Of the funds remaining after applying the provisions of paragraphs (c), (d) and (e) of this section the Lead Agency shall spend a substantial portion to provide child care services to low-income working families.
- (b) Child care services shall be provided:
  - (1) To eligible children, as described in § 98.20;
  - (2) Using a sliding fee scale, as described in § 98.42;
  - (3) Using funding methods provided for in § 98.30; and
  - (4) Based on the priorities in § 98.44.

Title 45 Code of Federal Regulation, Section 98.54 - Restrictions on the use of funds, states in part:

- (a) General.
  - (1) Funds authorized under section 418 of the Social Security Act and section 658B of the Child Care and Development Block Grant Act, and all funds transferred to the Lead Agency pursuant to section 404(d) of the Social Security Act, shall be expended consistent with these regulations. Funds transferred pursuant to section 404(d) of the Social Security Act shall be treated as Discretionary Funds;

- (2) Funds shall be expended in accordance with applicable State and local laws, except as superseded by § 98.3.

Title 45 Code of Federal Regulations, Section 98.67 - Fiscal requirements, states:

- (a) Lead Agencies shall expend and account for CCDF funds in accordance with their own laws and procedures for expending and accounting for their own funds.
- (b) Unless otherwise specified in this part, contracts that entail the expenditure of CCDF funds shall comply with the laws and procedures generally applicable to expenditures by the contracting agency of its own funds.
- (c) Fiscal control and accounting procedures shall be sufficient to permit:
  - (1) Preparation of reports required by the Secretary under this subpart and under subpart H; and
  - (2) The tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.

WAC 170-290-0005 Eligibility, states:

- (1) Parents. To be eligible for WCCC, the person applying for benefits must:
  - (a) Have parental control of one or more eligible children;
  - (b) Live in the state of Washington;
  - (c) Be the child's:
    - (i) Parent, either biological or adopted;
    - (ii) Stepparent;
    - (iii) Legal guardian verified by a legal or court document;
    - (iv) Adult sibling or step-sibling;
    - (v) Nephew or niece;
    - (vi) Aunt;
    - (vii) Uncle;
    - (viii) Grandparent;
    - (ix) Any of the relatives in (c)(vi), (vii), or (viii) of this subsection with the prefix "great," such as great-aunt; or
    - (x) An approved in loco parentis custodian responsible for exercising day-to-day care and control of the child and who is not related to the child as described above;
  - (d) Participate in an approved activity under WAC [170-290-0040](#), [170-290-0045](#), [170-290-0050](#), or have been approved per WAC [170-290-0055](#);
  - (e) Comply with any special circumstances that might affect WCCC eligibility under WAC [170-290-0020](#);
  - (f) Have countable income at or below two hundred percent of the federal poverty guidelines (FPG). The consumer's eligibility shall end if the consumer's countable income is greater than two hundred percent of the FPG;
  - (g) Not have a monthly copayment that is higher than the state will pay for all eligible children in care;
  - (h) Complete the WCCC application and DSHS verification process regardless of other program benefits or services received; and
  - (i) Meet eligibility requirements for WCCC described in Part II of this chapter.
- (2) Children. To be eligible for WCCC, the child must:
  - (a) Belong to one of the following groups as defined in WAC [388-424-0001](#):
    - (i) A U.S. citizen;

- (ii) A U.S. national;
  - (iii) A qualified alien; or
  - (iv) A nonqualified alien who meets the Washington state residency requirements as listed in WAC [388-468-0005](#);
- (b) Live in Washington state, and be:
- (i) Less than age thirteen; or
  - (ii) Less than age nineteen, and:
    - (A) Have a verified special need, according WAC [170-290-0220](#); or
    - (B) Be under court supervision.

WAC 170-290-0012 Verifying consumers' information, states:

- (1) A consumer must complete the DSHS application for WCCC benefits and provide all required information to DSHS to determine eligibility when:
  - (a) The consumer initially applies for benefits; or
  - (b) The consumer reapplies for benefits.
- (2) A consumer must provide verification to DSHS to determine if he or she continues to qualify for benefits during his or her eligibility period when there is a change of circumstances under WAC [170-290-0031](#).
- (3) All verification that is provided to DSHS must:
  - (a) Clearly relate to the information DSHS is requesting;
  - (b) Be from a reliable source; and
  - (c) Be accurate, complete, and consistent.
- (4) If DSHS has reasonable cause to believe that the information is inconsistent, conflicting or outdated, DSHS may:
  - (a) Ask the consumer to provide DSHS with more verification or provide a collateral contact (a "collateral contact" is a statement from someone outside of the consumer's residence that knows the consumer's situation); or
  - (b) 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. See WAC [170-290-0025\(9\)](#).
- (5) The verification that the consumer gives to DSHS includes, but is not limited to, the following:
  - (a) A current WorkFirst IRP for consumers receiving TANF;
  - (b) Employer name, address, and phone number;
  - (c) State business registration and license, if self-employed;
  - (d) Work, school, or training schedule (when requesting child care for non-TANF activities);
  - (e) Hourly wage or salary;
  - (f) Either the:
    - (i) Gross income for the last three months;
    - (ii) Federal income tax return for the preceding calendar year; or
    - (iii) DSHS employment verification form;
  - (g) Monthly unearned income the consumer receives, such as child support or supplemental security income (SSI) benefits;
  - (h) If the other parent is in the household, the same information for them;
  - (i) Proof that the child belongs to one of the following groups as defined in WAC [388-424-0001](#):
    - (i) A U.S. citizen;
    - (ii) A U.S. national;

- (iii) A qualified alien; or
- (iv) A nonqualified alien who meets the Washington state residency requirements as listed in WAC [388-468-0005](#);
- (j) Name and phone number of the licensed child care provider; and
- (k) For the in-home/relative child care provider, a:
  - (i) Completed and signed criminal background check form;
  - (ii) Legible copy of the proposed provider's photo identification, such as a driver's license, Washington state identification, or passport;
  - (iii) Legible copy of the proposed providers' valid Social Security card; and
  - (iv) All other information required by WAC [170-290-0135](#).
- (6) If DSHS requires verification from a consumer that costs money, DSHS must pay for the consumer's reasonable costs.
- (7) DSHS does not pay for a self-employed consumer's state business registration or license, which is a cost of doing business.
- (8) If a consumer does not provide all of the verification requested, DSHS will determine if a consumer is eligible based information already available to DSHS.

WAC 170-290-0020 Eligibility—Special circumstances, states:

- (1) Child care provided at the consumer's place of work. A consumer is not eligible for WCCC benefits for his or her children when child care is provided at the same location where the consumer works.
- (2) Consumer's child care employment.
  - (a) A consumer may be eligible for WCCC benefits during the time she or he works in a child care center but does not provide direct care in the same classroom to his or her children during work hours.
  - (b) A consumer is not eligible for WCCC benefits during the time she or he works in a family home child care where his or her children are also receiving subsidized child care.
  - (c) In-home/relative providers who are paid child care subsidies to care for children receiving WCCC benefits may not receive those benefits for their own children during the hours in which they provide subsidized child care.
  - (d) A child care provider who receives TANF benefits on behalf of a dependent child may not bill the state for subsidized child care for that same child.
- (3) Two-parent family.
  - (a) A consumer may be eligible for WCCC if he or she is a parent in a two-parent family and one parent is not able or available as defined in WAC [170-290-0003](#) to provide care for the children while the other parent is working or participating in approved activities.
  - (b) If a consumer claims one parent is not able to care for the children the consumer must provide written documentation from a licensed professional (see WAC [388-448-0020](#)) that states the:
    - (i) Reason the parent is not able to care for the children;
    - (ii) Expected duration and severity of the condition that keeps the parent from caring for the children; and
    - (iii) Treatment plan if the parent is expected to improve enough to be able to care for the children. The parent must provide evidence from a medical professional showing he or she is cooperating with treatment and is still not able to care for the children.

- (4) Single-parent family. A consumer is not eligible for WCCC benefits when he or she is the only parent in the family and will be away from the home for more than thirty days in a row.
- (5) Legal guardians.
  - (a) A legal guardian under WAC [170-290-0005](#) may receive WCCC benefits for his or her work or approved activities without his or her spouse or live-in partner's availability to provide care being considered unless his or her spouse or live-in partner is also named on the permanent custody order.
  - (b) Eligibility for WCCC benefits is based on the consumer's work or approved activities schedule, the child's need for care, and the child's income eligibility and family size of one.
  - (c) The consumer's spouse or live-in partner is not eligible to receive subsidized child care payments as a child care provider for the child.
- (6) In loco parentis custodians.
  - (a) An in loco parentis custodian may be eligible for WCCC benefits when he or she cares for an eligible child in the absence of the child's legal guardian or biological, adoptive or step-parents.
  - (b) An in loco parentis custodian who is not related to the child as described in WAC [170-290-0005](#)(1) may be eligible for WCCC benefits if he or she has:
    - (i) A written, signed agreement between the parent and the caregiver assuming custodial responsibility; or
    - (ii) Receives a TANF grant on behalf of the eligible child.
  - (c) Eligibility for WCCC benefits is based on his or her work schedule, the child's need for care, and the child's income eligibility and family size of one.
  - (d) The consumer's spouse or live-in partner is not eligible to receive subsidized child care payments as a child care provider for the child.
- (7) WorkFirst sanction.
  - (a) A consumer may be eligible for WCCC if he or she is a sanctioned WorkFirst participant and participating in an activity needed to remove a sanction penalty or to reopen his or her WorkFirst case.
  - (b) A WorkFirst participant who loses his or her TANF grant due to exceeding the federal time limit for receiving TANF may still be eligible for WCCC benefits under WAC [170-290-0055](#).

WAC 170-290-0031 Notification of changes, states:

When a consumer applies for or receives WCCC benefits, he or she must:

- (1) Notify DSHS, within five days, of any change in providers;
- (2) Notify the consumer's provider within ten days when DSHS changes his or her child care authorization;
- (3) Notify DSHS within ten days of any significant change related to the consumer's copayment or eligibility, including:
  - (a) The number of child care hours the consumer needs (more or less hours);
  - (b) The consumer's countable income, including any TANF grant or child support increases or decreases, only if the change would cause the consumer's countable income to exceed the maximum eligibility limit as provided in WAC [170-290-0005](#). A consumer may notify DSHS at any time of a decrease in the consumer's household income, which may lower the consumer's copayment under WAC [170-290-0085](#);
  - (c) The consumer's household size such as any family member moving in or out of his or her home;

- (d) Employment, school or approved TANF activity (starting, stopping or changing);
  - (e) The address and telephone number of the consumer's in-home/relative provider;
  - (f) The consumer's home address and telephone number; and
  - (g) The consumer's legal obligation to pay child support;
- (4) Report to DSHS, within twenty-four hours, any pending charges or conviction information the consumer learns about his or her in-home/relative provider; and
  - (5) Report to DSHS, within twenty-four hours, any pending charges or conviction information the consumer learns about anyone sixteen years of age and older who lives with the provider when care occurs outside of the child's home.

WAC 170-290-0095, When WCCC benefits start, states:

- (1) WCCC benefits for an eligible consumer may begin when the following conditions are met:
  - (a) The consumer has completed the required WCCC application and verification process as described under WAC [170-290-0012](#) within thirty days of the date DSHS received the consumer's application or reapplication for WCCC benefits;
  - (b) The consumer is working or participating in an approved activity under WAC [170-290-0040](#), [170-290-0045](#), [170-290-0050](#) or [170-290-0055](#);
  - (c) The consumer needs child care for work or approved activities within at least thirty days of the date of application for WCCC benefits; and
  - (d) The consumer's eligible provider (under WAC [170-290-0125](#)) is caring for his or her children.
- (2) If a consumer fails to turn in all information within thirty days from his or her application date, the consumer must restart the application process.
- (3) The consumer's application date is whichever is earlier:
  - (a) The date the consumer's application is entered into DSHS's automated system; or
  - (b) The date the consumer's application is date stamped as received.

WAC 170-290-0268, Payment discrepancies—Provider overpayments, states:

- (1) An overpayment occurs when a provider receives payment that is more than the provider is eligible to receive. Provider overpayments are established when that provider:
  - (a) Bills and receives payment for services not provided;
  - (b) Bills without attendance records that support their billing;
  - (c) Bills and receives payment for more than they are eligible to bill;
  - (d) With respect to license-exempt providers, bills the state for more than six children at one time during the same hours of care; or
  - (e) With respect to licensed or certified providers:
    - (i) Bills the state for more than the number of children they have in their licensed capacity; or
    - (ii) Is caring for a WCCC child outside their licensed allowable age range without a DEL-approved exception; or
  - (f) With respect to certified providers caring for children in a state bordering Washington:
    - (i) Is determined not to be in compliance with their state's licensing regulations; or
    - (ii) Fails to notify DSHS within ten days of any suspension, revocation, or change to their license.
- (2) DEL or DSHS may request documentation from a provider when preparing to establish an overpayment. The provider has fourteen consecutive calendar days to supply any requested documentation.

- (3) Providers are required to repay any payments that they were not eligible to receive.
- (4) If an overpayment was made through departmental error, the provider is still required to repay that amount.

WAC 170-290-0271, Payment discrepancies—Consumer overpayments, states:

- (1) DSHS establishes overpayments for past or current consumers when the consumer:
  - (a) Received benefits when he or she was not eligible;
  - (b) Used care for an unapproved activity or for children not in his or her WCCC household;
  - (c) Failed to report information to DSHS resulting in an error in determining eligibility, amount of care authorized, or copayment;
  - (d) Used a provider that was not eligible per WAC [170-290-0125](#); or
- (e) Received benefits for a child who was not eligible per WAC [170-290-0015](#) or [170-290-0020](#).
- (2) DEL or DSHS may request documentation from a consumer when preparing to establish an overpayment. The consumer has fourteen consecutive calendar days to supply any requested documentation.
- (3) Consumers are required to repay any benefits paid by DSHS that they were not eligible to receive.
- (4) If an overpayment was made through departmental error, the consumer is still required to repay that amount.
- (5) If a consumer is not eligible under WAC [170-290-0032](#) and the provider has billed correctly, the consumer is responsible for the entire overpayment, including any absent days.

WAC 170-290-0275, Payment discrepancies—Providers covered under collective bargaining, states:

- (1) This section applies to any provider covered under the collective bargaining agreement.
- (2) For in-home/relative and licensed family home child care providers, disputes regarding underpayments shall be grievable.
- (3) Beginning July 1, 2007, there are different time frames for how far back a payment discrepancy may be corrected. The time frames, as provided in this subsection are based on:
  - (a) When services were provided;
  - (b) When the request for the underpayment was made; and
  - (c) The type of provider: Family home or in-home/relative provider.
- (4) Family home and in-home/relative providers must submit a claim for payment no later than twelve months after the date of service. "Submitting a claim for payment" means turning the original invoice in to DSHS for services no later than twelve months after the date of service. If the claim for payment is made within the twelve-month period, the time limits for correcting payment errors are:
  - (a) Two years back if the error is on rates paid by age and/or region, unless discovered by a federal audit. This means the provider has up to two years after the date of service to ask for a corrected payment; or
  - (b) Three years back if the error was for any other reason, including those discovered by a federal audit. This means the provider has up to three years after the date of service to ask for a corrected payment.

WAC 388-410-0001, What is a cash assistance overpayment?, states:

- (1) An overpayment is any cash assistance paid that is more than the assistance unit was eligible to receive.
- (2) There are two types of cash overpayments:
  - (a) Intentional overpayments, presumed to exist if you willfully or knowingly:
    - (i) Fail to report a change you must tell us about under WAC [388-418-0005](#) within the time frames under WAC [388-418-0007](#); or
    - (ii) Misstate or fail to reveal a fact affecting eligibility as specified in WAC [388-446-0001](#).
  - (b) Unintentional overpayments, which includes all other client-caused and all department-caused overpayments.
- (3) If you request a fair hearing and the fair hearing decision is in favor of the department, then:
  - (a) Some or all of the continued assistance you get before the fair hearing decision must be paid back to the department (see WAC [388-418-0020](#)); and
  - (b) The amount of assistance you must pay back will be limited to sixty days of assistance, starting with the day after the department receives your hearing request.
- (4) If you receive child support payments directly from the noncustodial parent, you must turn these payments over to the division of child support (DCS). These payments are not cash assistance overpayments.

**2015-024 The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**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  
**Federal Award Number:** G1501WACCDF; G1401WACCDF  
**Applicable Compliance Component:** Special Tests and Provisions - Health and Safety Requirements  
**Questioned Cost Amount:** None

## **Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development grant to assist eligible working families in paying for child care. In fiscal year 2015, approximately \$200 million was paid to child care providers. DEL is the lead agency responsible for ensuring providers meet licensing standards, including ensuring background checks are performed for all staff with direct access to children.

As the lead agency, DEL monitors and enforces licensing rules for child care providers. The Department conducts unannounced, annual on-site inspections of licensed providers to verify if required safety and health standards are being met and require providers to address any identified issues. Department staff (licensors) document inspections using a checklist. When safety and health infractions are identified, licensors document them on a Facility Licensing Compliance Agreement (FLCA). The FLCA identifies the areas of provider non-compliance and establishes deadlines for correcting them. Providers must submit to their licensor a corrective action plan or resolution activity to the Department. If an attempt was made for an inspection, and the provider was not present, the licensor must follow-up and conduct their inspection within 30 days of the due date. If a follow-up inspection cannot be conducted, the licensor consults with their supervisor for a decision on conducting any further inspection attempts.

When any licensing health, safety, or well-being of children non-compliance issues are identified the Department must ensure the non-compliance issues have been resolved. This often requires additional, unannounced inspections. Examples of issues include:

- Providers that exceed the required staff to child ratios
- Providers that did not maintain accurate or complete attendance logs
- Provider supervision was not sufficient to ensure the safety of children
- Health and safety hazards

If the provider does not resolve a noncompliance issue the Department has the authority to impose sanctions, issue fines, or suspend or revoke the provider's license.

The Department conducts additional unannounced inspections for other reasons including, but not limited to:

- Receipt of health or safety complaints.
- Receipt of complaints regarding verbal, physical, or sexual abuse.
- When accidents resulting in physical harm to a child, including, but not limited to unintentional accidents, and allegations of intentional acts of violence to a child are reported.

### **Description of Condition**

In state fiscal year 2015, DEL regulated 5,642 licensed providers. Department staff informed us that 935 (17 percent) of all licensed providers were overdue on their yearly inspections (licensors had attempted visits on 152 of those providers).

We reviewed records for 22 licensed providers for internal control testing to determine if required background checks were performed and monitoring inspections were conducted as required. We found:

- One monitoring inspection was performed two months late.
- Two required monitoring inspections were not conducted and were over-due by two and six months, as of June 30, 2015.

We also randomly selected 58 child care providers (including the 22 listed above) for compliance testing and performed tests to determine if inspections were conducted on time, included all licensing requirements, and ensured that the Department addressed non-compliance according to the severity of the issue identified. We found:

- Two inspections were conducted between two and 20 months late.
- Four inspections had not been conducted as of June 30, 2015.
  - All four providers who were not inspected were identified as having health, safety, or well-being of children non-compliance issues during their last inspection.
- For the inspections that occurred, the Department provided us with evidence showing all licensing requirements were examined by the licensor.

For violations that may immediately impact the health, safety, and well-being of children within the provider's care, licensors are required to follow-up with an on-site visit within 10 business days. We examined the Department's response to violations documented during inspections and found 14 cases (24 percent) identified health, safety, and well-being of children violations, but were not appropriately followed-up on per Department policy to ensure they were corrected. Some examples of these serious violations were:

- Inadequate supervision of children
- Use of inappropriate disciplinary methods
- Exceeding the maximum licensed capacity
- Exceeding the staff to child ratio
- General health and safety hazards to the children

We consider these internal control deficiencies to be a material weakness.

## **Cause of Condition**

Management stated there were times when reduced staffing and significant turnover made conducting timely inspections difficult to complete. We found one instance when supervisors were not aware providers were overdue for inspections by two years.

Management also stated there have been circumstances when some licensed family home providers refused licensors access during their scheduled inspection, or were repeatedly not home during regular business hours for an inspection. These types of refusals, or provider un-availabilities should, by policy, be followed up by another licensor monitoring attempt within 30 days, and follow-up communication and results should be shared with the licensor's supervisor as necessary.

Finally, while the policies and procedures in place require a second inspection for serious health and safety violations, licensors sometimes rely on attestations in place of on-site inspections to resolve issues.

## **Effect of Condition**

The Department's activities resulted in inconsistent monitoring and enforcement actions for providers. When inspections are not conducted, or are conducted late, it increases the likelihood that the Department would not detect health and safety violations in a timely manner.

Further, we found 17 percent of inspection records we reviewed identified noncompliance with a health or safety issue that had also been identified as noncompliant in the prior inspection. By not following up on violations in a timely manner, the Department cannot be sure these issues have been corrected. Health and safety, supervision, discipline, and over-capacity/over-ratio violations may put children in jeopardy for harm, neglect, and unhealthy emotional and cognitive development environments.

## **Recommendation**

We recommend the Department ensure staff follow all policies related to health and safety requirements. This includes ensuring management oversight is sufficient to ensure compliance with state rules and policies and procedures and that child care providers are meeting all applicable health and safety requirements.

## **Agency's Response**

*The Department of Early Learning (DEL) concurs with this finding and recommendation, and is strongly committed to ensuring the health, safety and well-being of all children in licensed care.*

*To quickly address these deficiencies in our monitoring efforts DEL is:*

- *Reassigning licensing staff from regions where work is being completed timely to regions where staff are behind.*
- *Undertaking emergency rulemaking to clarify when licensors should not inspect licensees that have become inactive.*
- *Recently created a licensing background unit that will allow staff to better manage fingerprint requirements.*

*As a longer-term, more permanent resolution, DEL will continue to request funding to develop an integrated licensing management system. The current fractured and disjointed licensing system tools require too much time from licensors both in the field and at their office, leaving insufficient time to adequately manage their caseloads. Replacing the inefficient licensing IT system staff use now should better allow them to make timely updates, improve data integrity, and streamline their work processes, resulting in time savings to reinvest in the higher caseload and additional state and federal licensing requirements.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant

agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

45 CFR section 98.40 Compliance with applicable State and local regulatory requirements, states:

- (a) Lead Agencies shall:
  - (1) Certify that they have in effect licensing requirements applicable to child care services provided within the area served by the Lead Agency;
  - (2) Provide a detailed description of the requirements under paragraph (a)(1) of this section and of how they are effectively enforced.
- (b)(1) This section does not prohibit a Lead Agency from imposing more stringent standards and licensing or regulatory requirements on child care providers of services for which assistance is provided under the CCDF than the standards or requirements imposed on other child care providers.
- (2) Any such additional requirements shall be consistent with the safeguards for parental choice in § 98.30(f).

45 CFR section 98.41 Health and safety requirements, states:

- (a) Although the Act specifically states it does not require the establishment of any new or additional requirements if existing requirements comply with the requirements of the statute, 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 designed to protect the health and safety of children that are applicable to child care providers of services for which assistance is provided under this part. Such requirements shall include:
  - (1) The prevention and control of infectious diseases (including immunizations). With respect to immunizations, the following provisions apply:
    - (i) As part of their health and safety provisions in this area, States and Territories 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 or territorial public health agency.
    - (ii) Notwithstanding paragraph (a)(1)(i) of this section, Lead Agencies may exempt:
      - (A) Children who are cared for by relatives (defined as grandparents, great grandparents, siblings (if living in a separate residence), aunts, and uncles);
      - (B) Children who receive care in their own homes;
      - (C) Children whose parents object to immunization on religious grounds; and
      - (D) Children whose medical condition contraindicates immunization;
    - (iii) Lead Agencies shall establish a grace period in which children can receive services while families are taking the necessary actions to comply with the immunization requirements;
      - (2) Building and physical premises safety; and
      - (3) Minimum health and safety training appropriate to the provider setting.
  - (2) Building and physical premises safety; and
  - (3) Minimum health and safety training appropriate to the provider setting.
- (b) Lead Agencies may not set health and safety standards and requirements under 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 in paragraph (e) of this section.
- (d) Each Lead Agency shall certify that procedures are in effect to ensure that child care providers of services for which assistance is provided under this part, within the area

served by the Lead Agency, comply with all applicable State, local, or tribal health and safety requirements described in paragraph (a) of this section.

- (e) For the purposes of this section, the term “child care providers” does not include grandparents, great grandparents, siblings (if such providers live in a separate residence), aunts, or uncles, pursuant to § 98.2.

WAC 170-296A-0001, Authority, states:

The department of early learning was established under chapter 265, Laws of 2006. Chapter [43.215](#) RCW establishes the department's responsibility and authority to set and enforce licensing requirements and standards for licensed child care agencies in Washington state, including the authority to adopt rules to implement chapter [43.215](#) RCW.

WAC 170-296A-1410, Department inspection, states:

- (1) Prior to the department issuing a license, a department licensor must inspect the proposed indoor and outdoor spaces to be used for child care to verify compliance with the requirements of this chapter.
- (2) The licensee must grant reasonable access to the department licensor during the licensee's hours of operation for the purpose of announced or unannounced monitoring visits to inspect the indoor or outdoor licensed space to verify compliance with the requirements of this chapter.

WAC 170-296A-8000, Facility licensing compliance agreements, states:

At the department's discretion, when a licensee is in violation of this chapter or chapter [43.215](#) RCW, a facility licensing compliance agreement may be issued in lieu of the department taking enforcement action.

- (1) The facility licensing compliance agreement contains:
  - (a) A description of the violation and the rule or law that was violated;
  - (b) A statement from the licensee regarding the proposed plan to comply with the rule or law;
  - (c) The date the violation must be corrected;
  - (d) Information regarding other licensing action that may be imposed if compliance does not occur by the required date; and
  - (e) Signature of the licensor and licensee.
- (2) The licensee must return a copy of the completed facility license compliance agreement to the department by the date indicated when corrective action has been completed.
- (3) The licensee may request a supervisory review regarding the violation of rules or laws identified on the facility license compliance agreement.
- (4) A facility license compliance agreement is not subject to appeal under chapter [170-03](#) WAC.

WAC 170-296A-8025, Time period for correcting a violation, states:

The length of time the licensee has to make the corrections depends on:

- (1) The seriousness of the violation;
- (2) The potential threat to the health, safety and well-being of the children in care; and
- (3) The number of times the licensee has violated rules in this chapter or requirements under chapter [43.215](#) RCW.

WAC 170-296A-8175, Violations—Enforcement action, states:

The department may deny, suspend, revoke, or not continue a license when:

- (1) The licensee is unable to provide the required care for the children in a way that promotes their health, safety and well-being;
- (2) The licensee is disqualified under chapter [170-06](#) WAC (DEL background check rules);
- (3) The licensee or household member has been found to have committed child abuse or child neglect;
- (4) The licensee has been found to allow staff or household members to commit child abuse or child neglect;
- (5) The licensee has a current charge or conviction for a disqualifying crime under WAC [170-06-0120](#);
- (6) There is an allegation of child abuse or neglect against the licensee, staff, or household member;
- (7) The licensee fails to report to DSHS children's administration intake or law enforcement any instances of alleged child abuse or child neglect;
- (8) The licensee tries to obtain or keep a license by deceitful means, such as making false statements or leaving out important information on the application;
- (9) The licensee commits, permits or assists in an illegal act at the child care premises;
- (10) The licensee uses illegal drugs or alcohol in excess, or abuses prescription drugs;
- (11) The licensee knowingly allowed a staff or household member to make false statements on employment or background check application related to their suitability or competence to provide care;
- (12) The licensee fails to provide the required level of supervision for the children in care;
- (13) The licensee cares for more children than the maximum number stated on the license;
- (14) The licensee refuses to allow department authorized staff access during child care operating hours to:
  - (a) Requested information;
  - (b) The licensed space;
  - (c) Child, staff, or program files; or
  - (d) Staff or children in care.
- (15) The licensee is unable to manage the property, fiscal responsibilities or staff in the facility;
- (16) The licensee cares for children outside the ages stated on the license;
- (17) A staff person or a household member residing in the licensed home is disqualified under chapter [170-06](#) WAC (DEL background check rules);
- (18) The licensee, staff person, or household member residing in the licensed home has a current charge or conviction for a crime described in WAC [170-06-0120](#);
- (19) A household member residing in the licensed home had a license to care for children or vulnerable adults denied or revoked;
- (20) The licensee does not provide the required number of qualified staff to care for the children in attendance; or
- (21) The department is in receipt of information that the licensee has failed to comply with any requirement described in WAC 170-296A-1420.

WAC 170-297-1410, Department inspection, states:

- (1) Prior to the department issuing a license, a department licensor must inspect the proposed indoor and outdoor spaces to be used for child care to verify compliance with the requirements of this chapter.

- (2) Access must be granted to the department licensor during the child care hours of operation for the purpose of announced or unannounced monitoring visits to inspect the indoor or outdoor licensed space to verify compliance with the requirements of this chapter.

WAC 170-297-8000, Facility licensing compliance agreements, states:

At the department's discretion, when a licensee is in violation of this chapter or chapter [43.215](#) RCW, a facility licensing compliance agreement may be issued in lieu of the department taking enforcement action.

- (1) The facility licensing compliance agreement contains:
  - (a) A description of the violation and the rule or law that was violated;
  - (b) A statement from the licensee regarding the proposed plan to comply with the rule or law;
  - (c) The date the violation must be corrected;
  - (d) Information regarding other licensing action that may be imposed if compliance does not occur by the required date; and
  - (e) Signature of the licensor and licensee.
- (2) The licensee must return a copy of the completed facility license compliance agreement to the department by the date indicated when corrective action has been completed.
- (3) The licensee may request a supervisory review regarding the violation of rules or laws identified on the facility license compliance agreement.
- (4) A facility license compliance agreement is not subject to appeal under chapter [170-03](#) WAC.

WAC 170-297-8025, Time period for correcting a violation, states:

The length of time the program has to make the corrections depends on:

- (1) The seriousness of the violation;
- (2) The potential threat to the health, safety and well-being of the children in care; and
- (3) The number of times the program has violated rules in this chapter or requirements under chapter [43.215](#) RCW.

WAC 170-297-8175, Violations—Enforcement action, states:

The department may deny, suspend, revoke, or not continue a license when:

- (1) The licensee or program staff are unable to provide the required care for the children in a way that promotes their health, safety and well-being;
- (2) The licensee or program staff person is disqualified under chapter [170-06](#) WAC (DEL background check rules);
- (3) The licensee or program staff person has been found to have committed child abuse or child neglect;
- (4) The licensee has been found to allow program staff or volunteers to commit child abuse or child neglect;
- (5) The licensee or program staff person has a current charge or conviction for a disqualifying crime under WAC [170-06-0120](#);
- (6) There is an allegation of child abuse or neglect against the licensee, staff, or volunteer;

- (7) The licensee or program staff person fails to report to DSHS children's administration intake or law enforcement any instances of alleged child abuse or child neglect;
- (8) The licensee tries to obtain or keep a license by deceitful means, such as making false statements or leaving out important information on the application;
- (9) The licensee or a program staff person commits, permits or assists in an illegal act at the child care premises;
- (10) The licensee or a program staff person uses illegal drugs or alcohol in excess, or abuses prescription drugs;
- (11) The licensee knowingly allowed a program staff person or volunteer to make false statements on employment or background check application related to their suitability or competence to provide care;
- (12) The licensee does not provide the required number of qualified program staff to care for the children in attendance;
- (13) The licensee or program staff fails to provide the required level of supervision for the children in care;
- (14) When there are more children than the maximum number stated on the license at any one time;
- (15) The licensee or program staff refuses to allow department authorized staff access during child care operating hours to:
  - (a) Requested information;
  - (b) The licensed space;
  - (c) Child, staff, or program files; or
  - (d) Staff or children in care;
- (16) The licensee is unable to manage the property, fiscal responsibilities or staff in the facility; or
- (17) The licensee or program staff cares for children outside the ages stated on the license.

The Department of Early Learning Child Care Licensing Policies and Procedures, 10.1.3 Compliance Agreement Procedure state in part:

#### Completing the Compliance Agreement

1. The licensor must use 10.9.1.1 Compliance Agreement in ELF to record noncompliance issues. If the technology equipment is not working, then the licensor will use the hardcopy 10.9.1.1 Compliance Agreement form.
7. If there is an immediate health and safety issue, the issue will be corrected immediately or as soon as possible to ensure child safety but no later than 10 business days to ensure child health and safety.

#### Monitoring the Compliance Agreement

10. The licensor must monitor the compliance agreement based on the nature and severity of WAC violations.
11. The licensor must make a site visit within 10 business days to verify correction of licensing non-compliance that could immediately impact the health, safety and well-being of children in care. The site visit must be documented in FamLink using the health and safety re-check code. The licensor must request supervisor approval if unable to meet this time frame and this must be documented in FamLink provider notes. Examples may include but are not limited to:
  - a. Health and safety hazards
  - b. Behavior management
  - c. Supervision

- d. Staff/child interaction
  - e. Group size/capacity
  - f. Medication management
  - g. Nap and sleep equipment to include SIDS prevention
  - h. Window blind cords that form a loop
12. If the noncompliance issues do not immediately impact the health, safety and well-being of children in care, written verification in lieu of a site visit may be used to verify compliance. Examples may include but are not limited to:
- a. Menu posting
  - b. Documentation of activity program
  - c. Supplies verified with receipt
  - d. Changes to parent communication
  - e. Staff development and training records
  - f. Health Care Plan
  - g. Fire Drill record

**2015-025 The Department of Early Learning did not have adequate internal controls over child care fraud detection and repayments.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**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  
**Federal Award Number:** G1401WACCDF; G1501WACCDF;  
**Applicable Compliance Component:** Special Tests and Provisions – Fraud Detection and Repayment  
**Questioned Cost Amount:** none

**Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development Fund (CCDF) grant to assist eligible working families in paying for child care. In fiscal year 2015, child care providers were paid approximately \$200 million in federal grant funds. The Department of Early Learning is the lead agency for the CCDF program and is responsible for recovering child care payments as the result of fraud. However, in Washington, the Department of Social and Health Services (DSHS) Office of Fraud and Accountability (OFA) has delegated authority to conduct investigations related to allegations of fraud within the CCDF program.

Both DEL and DSHS have a place to refer suspected fraud on their websites and all staff who work at either agency can refer suspected fraud to a hotline. DEL staff perform case reviews to identify payment errors. Overpayments are sent for collection to DSHS, and could lead to a referral to OFA for suspected fraudulent activity.

State and federal law require DEL to refer all suspected incidents of child care subsidy fraud to OFA for appropriate investigation and action and to recover child care payments.

DEL randomly selects provider payments to review based on a given month of service. When a provider is selected for review, child care subsidy auditors request attendance records for all payments to that provider for the month and compare the records to paid invoices. If an error is found, the subsidy auditor establishes an overpayment and refers the case to a supervisor for further examination if fraud is suspected. The supervisor determines whether to forward the case to a manager for a final fraud referral determination, prior to referring the case to OFA for fraud investigation.

In fiscal year 2015 the Department made an estimated 96,000 payments to providers consisting of over 626,000 monthly child care subsidy payments. DEL reviewed records for 1,072 provider billing months, which totaled approximately \$4.29 million in payments. The reviews identified overpayments in 701 (65 percent) of those months, totaling approximately \$536,000.

**Description of Condition**

The Department did not have adequate internal controls to ensure it referred all suspected client or provider child care fraud to OFA for examination and determination.

Despite identifying potential overpayments in 65 percent of the payment records examined during the year, only one case was referred to OFA for investigation of suspected fraud. The Department did not expand its review for any of the cases that resulted in significant overpayments, which could have led to support for a fraud investigation.

We consider these internal control weaknesses to constitute a material weakness.

### **Cause of Condition**

The Department does not have written policies and procedures related to the identification of suspected fraud for use by staff performing and supervising the payment review process.

The determination of whether a case is referred to OFA as suspected fraud is made on a judgment basis by staff. However, management explained that staff do not receive training specific to identify suspected fraud. Managers stated that DEL staff are directed to refer anything that appears to represent fraudulent activities to supervisors.

### **Effect of Condition**

DEL is at higher risk of not detecting fraudulent billing activities by not expanding its examination of records when significant overpayments are detected.

Further, as a result of the Department's lack of established guidance and training for identifying suspected fraud, staff may not be properly referring cases to OFA.

### **Recommendation**

We recommend DEL:

- Establish written policies and procedures for staff to follow when potential fraud is suspected.
- Consider expanding its review of provider records when significant overpayments are discovered during payment reviews.
- Provide training for staff responsible for reviewing provider records and who make decisions about whether to refer cases of suspected fraud to OFA.
- Ensure that all suspected incidents of child care subsidy fraud are referred to OFA, as required by state law.

### **Agency's Response**

*DEL concurs with this finding and recommendations.*

*DEL concurs that written policies and written procedures for staff to follow when potential fraud is suspected, and auditor training in the elements of fraud, would be beneficial. DEL will take these and other steps to refer more suspected fraud cases.*

*DEL's efforts to reduce overpayments and identify fraud are undertaken in the context of a manual, paper-based attendance and billing system not conducive to accurate billing or fraud detection. DEL has and will continue to request funding for an electronic time and attendance billing system whereby attendance data for all providers is available and reconciled to billing before payment is*

*made. In addition to preventing provider error, such a system would eliminate many forms of potential fraud.*

*DEL is actively taking steps to reduce overpayments including changes to the program rules, policy clarifications, provider feedback and training, record keeping templates, improved communication between DEL and DSHS, assigned audit caseloads, auditor training, and risk-based auditing techniques. Since beginning to take these active steps, the number of suspected incidents of fraud have also increased (DEL recently referred three cases identified by DEL Subsidy Audit to OFA). DEL will continue to refer all suspected cases of fraud to OFA and will provide OFA the documentation necessary to support the investigation, including expanded review of provider records where necessary to support the investigation. Under the current systems, most instances of provider overpayment cases will not benefit from expanded record review, as additional records will simply support the conclusion that the provider regularly bills in error unintentionally (not intentionally, which constitutes fraud). DEL believes addressing the root causes of the high level of unintentional errors will result in greater decreases in improper payments.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

45 CFR, section 98.60 Availability of funds, states in part:

- (i) Lead Agencies shall recover child care payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud.

Child care subsidy fraud - Referral - Collection of overpayments.

- (1) The department must refer all suspected incidents of child care subsidy fraud to the department of social and health services office of fraud and accountability for appropriate investigation and action.
- (2) For the purposes of this section, "fraud" has the definition in RCW 74.04.004.
- (3) This section does not limit or preclude the department or the department of social and health services from establishing and collecting overpayments consistent with federal regulation or seek other remedies that may be legally available, including but not limited to criminal investigation or prosecution.

**2015-026 The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Child Care Development Fund.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**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  
**Federal Award Number:** G1401WACCDF; G1501WACCDF;  
**Applicable Compliance Component:** Eligibility  
**Questioned Cost Amount:** \$12,967  
**Likely Questioned Costs:** \$22,680,872

**Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development grant to assist eligible working families in paying for child care. The Department of Social and Health Services (DSHS) determines client eligibility and pays child care providers under an agreement with DEL. In fiscal year 2015, child care providers were paid approximately \$200 million in federal grant funds.

In order for a family to be eligible for child care assistance, children must be:

- Under age 13 (with some exceptions)
- Reside with a family whose income does not exceed 85 percent of state, territorial or tribal median income for a family of the same size; and
- Reside with a parent, or parents, who work or attend a job-training or education program; or are in need of, or are receiving, protective services.

In addition to the requirements above, the state has established the following rules that must be followed when determining eligibility:

- All verification of client information must be from a reliable source, accurate, complete and consistent. This includes, but is not limited to, employer and hourly wage information and the parent's work schedule.
- Determination of family household size and composition.
- The eligibility determination must be completed within 30 days, or the application process must be restarted.

If an ineligible client receives assistance, the payment made to the child care provider is not allowable by federal regulations.

In the past three annual statewide single audits for Washington, we reported in findings that DSHS did not have adequate internal controls over the eligibility process for child care subsidy recipients. These were reported as finding numbers 2014-026, 2013-017 and 12-30.

## Description of Condition

The Department has not established adequate internal controls to ensure it correctly determines and documents client eligibility before payments are made to child care providers.

We found:

- In most cases, a DSHS caseworker processes client eligibility information and authorizes services without a secondary review or approval.
- Caseworkers can authorize services in the Department's eligibility system without verifying client household income or employment activity.
- Caseworkers who establish authorizations for child care can also make changes to increase these authorizations to exceed full time care without supervisory review.
- DSHS reviews at least one percent of open authorizations for child care eligibility determinations, which does not provide adequate coverage to compensate for the internal control weaknesses to prevent improper payments. As part of these reviews, the Department identified incorrect eligibility determinations regarding parent income, authorizations, co-payments and missing or incomplete documentation.

For authorizations requiring more than standard full-time care, Department policy requires staff to use a special authorization code. The code does not become active until a supervisor has reviewed and approved the request. The system, however, allows a worker to authorize additional care without using the special code, thereby avoiding supervisory approval.

We randomly selected and examined 399 payments totaling \$155,846 in federal funds to determine if the Department properly assessed client eligibility. The examination was designed to determine if the client's eligibility was supported by required documentation and aligned with state rules. We found 34 payments (8.5 percent) were made to child care providers when clients were not properly determined eligible for the program.

We found:

- Fourteen clients were not determined to be eligible within the 30 day window as required by state regulations, and as disclosed within the CCDF federal grant agreement.
- Seven clients were not participating in an approved activity, and were still authorized for benefits.
- Four clients were determined eligible when parental income determinations were made improperly or were incomplete.
- Income information for three clients was not verified properly. In these cases inadequate information was accepted to determine eligibility.
- Three clients were determined eligible when self-employment determinations were made improperly or were incomplete.
- Three clients were improperly determined eligible for other reasons.

In total we identified \$12,967 of provider overpayments due to improper client eligibility determinations.

We consider these internal control weaknesses to constitute a material weakness.

## **Cause of Condition**

DSHS supervisors made eligibility determinations which conflicted with state regulations and the federally approved state plan for the program. When we discussed staff not meeting the 30 day limit for determining eligibility, the Department asserted that income verification could be performed after the 30 day period. State regulations and the approved state plan require these verifications to be performed within 30 days and state regulations require the client must reapply for the program if eligibility verification is not complete after 30 days.

Other incorrect eligibility determinations were a result of required documents, such as birth certificates or work schedule verifications, not being collected before approving and authorizing child care. In some of these instances the documents were never collected.

The Department's eligibility system is designed with an alert function that reminds staff when an issue is outstanding and needs to be addressed. The alerts can be dismissed without confirming outstanding issues were addressed.

## **Effect of Condition and Questioned Costs**

By not having adequate internal controls in place, the state is at a higher risk of paying providers for child care services when clients are ineligible. This resulted in the Department making improper payments with federal funds.

A statistical sampling method was used to randomly select the payments examined in the audit. We estimate the amount of likely federal questioned costs to be \$22,680,872. The statistical sample that was used for testing was also used to test compliance with eligibility and period of performance requirements. Because some payments tested were unallowable for violating multiple requirements, some of the questioned costs reported here are also reported in finding numbers 2015-023 and 2015-027.

Further, many of the improper payments were partially funded by state dollars. Specifically, we found \$4,518 of improper state payments, which projects to a likely improper payment amount of \$7,720,039. This amount is not included in the federal questioned costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

## **Recommendation**

We recommend DSHS improve its internal controls over determining eligibility to ensure:

- Authorizations for child care are reviewed and adequately supported.
- Duties are segregated between staff that determine eligibility and authorize payments.

We also recommend that DSHS and DEL improve the current review process to cover a larger population of authorized payments to ensure eligibility is properly determined before payments are made.

## Agency's Response

*The Department of Social and Health Services appreciates, acknowledges and supports the State Auditor's Office's (SAO) mission, which is to hold state and local governments accountable for the use of public resources.*

*The Department of Social and Health Services does not concur with the State Auditor's Office's (SAO) description of the condition identified in this audit, specifically, that "The Department has not established adequate internal controls to ensure it correctly determines and documents client eligibility before payments are made to child care providers."*

*The Department strongly disagrees with the SAO's statement that "34 payments were made to child care providers when clients were not properly determined eligible for the program." The Department thoroughly reviewed each of the 34 cases in question, and maintains Department staff correctly determined eligibility in every single case.*

*The Department must make "point in time" eligibility determinations based on the information available at the time of application. In fact, if a consumer does not provide all of the verification requested, DSHS is required to determine eligibility based on the information already available to DSHS per [WAC 170-290-0012\(8\)](#).*

*While the Department made accurate initial eligibility determinations in 100% of the 399 cases reviewed by the SAO, the Department concurs that it is likely that in six cases, improper payments were made to child care providers. In five of the six cases in question, the clients failed to accurately report information at application or failed to report changes in their circumstances as required by rule ([WAC 170-290-0031](#)). The Department became aware of this information after making the initial, accurate eligibility determinations. In the sixth case, the Department had appropriately terminated the client's eligibility, however, a minor procedural error allowed child care to briefly continue.*

*In all six cases, the Department was already aware of and actively addressing the client's change in circumstances prior to the SAO's review of the cases and associated payments. It is important to note that changes in clients' circumstances do not necessarily result in changes to a client's eligibility status – minor changes may result in a slight fluctuation of co-payment or hours of care approved.*

*The Department's calculation of total questioned costs is \$2,919 – not \$12,967 as proposed by the State Auditor's Office. The Department has reviewed the cases in question, and is pursuing overpayments as appropriate.*

*These results are consistent with previous audits (SWSA 13, SWSA 14), during which the SAO found the Department correctly determined child care eligibility in all the cases sampled.*

*These results do not support the SAO's opinion that a material weakness exists in the Department's internal controls.*

**SAO Description of Weakness** - *In most cases, a DSHS caseworker processes client eligibility information and authorizes services without a secondary review or approval.*

*The Department of Social and Health Services partially concurs with this description. Childcare program policy, as established and maintained by the Department of Early Learning, does not*

*require secondary review or approval when determining eligibility and authorizing benefits and payment.*

*DSHS employs the following controls to ensure child care subsidy eligibility determinations and payment authorizations are made correctly:*

- *The Department’s “universal caseload model” utilizes analytics to prioritize and randomly assign work activities to staff. This provides a process where case actions, (such as eligibility determination and authorization for care) are highly likely to be completed by different workers. The assigned worker will conduct a review of the case (essentially a secondary review) each time they receive an assignment. This allows the worker to familiarize themselves with the case and confirm eligibility and payment information prior to completing the required case action. The worker will correct any errors they find prior to completing the assignment. Approximately 140 line staff process child care cases, and the probability of the same case being assigned to the same worker for two case actions in a row is less than one percent.*
- *A supervisory review is required for payment requests that exceed certain parameters. The supervisor reviews the need for the additional payment and either approves the payment by submitting the authorization to SSPS or denies the payment if the consumer is not eligible. All special authorizations require supervisor review for approval.*
- *New workers have 100% of their work audited by Leadworkers; these audits may be conducted either pre or post-authorization.*

*Also, the federal fiscal year 2014 Improper Payments Information Act (IPIA) audit required by the Federal Office of Child Care and conducted by the Department of Early Learning found that less than one percent of the total amount of payments for the sampled cases were made in error.*

**SAO Description of Weakness** - *Caseworkers can authorize services in the Department’s eligibility system without verifying client household income or employment activity.*

*The Department of Social and Health Services partially concurs with this description. Washington Administrative Code, established and maintained by the Department of Early Learning, requires workers to request verification if not provided by the consumer. Eligibility workers must verify a consumer’s activity and income prior to making eligibility determinations. Childcare program training reinforces these requirements. DEL WAC 170-290-0012 requires a consumer to provide verification of employment or employment activity including income, hours of work and work schedule to receive childcare subsidy payments, however, if a consumer does not provide all of the verification requested, DEL WAC ([WAC 170-290-0012 \(8\).](#)) requires DSHS to determine eligibility based on the information provided to DSHS.*

**SAO Description of Weakness** - *Caseworkers who establish authorizations for child care can also make changes to increase these authorizations to exceed full time care without supervisory review.*

*The Department of Social and Health Services partially concurs with this description. It is true that caseworkers have access to create authorizations, including those that exceed full time care, without supervisory review. This is consistent with childcare program policy, established and maintained by the Department of Early Learning, which allows staff to approve benefits, authorize payment and make changes to authorizations without supervisory approval. The Department has consistent monitoring protocols to maintain payment integrity including:*

- *An Integrity Report (identifying cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff members)*

is reviewed by regional staff periodically. To date, the report has not identified any cases resulting in a finding of improper authorization activities.

- The Department has instituted a separation of duties protocol that does not allow a staff member who activates a license-exempt provider to make any authorizations for that provider.
- Staff activating or reactivating a provider's SSPS number are electronically linked to that provider number and are not able to create or alter authorizations on behalf of that provider number. The activation of a license-exempt provider's file occurs when the provider's SSPS number is created, and reactivation occurs when the provider has had no payment authorizations for the previous 90 days. Staff must manually activate, or reactivate, a license-exempt provider's SSPS number prior to authorizations/payments being submitted through SSPS.

**SAO Description of Weakness** - DSHS reviews at least one percent of open authorizations for child care eligibility determinations, which does not provide adequate coverage to compensate for the internal control weaknesses to prevent improper payments. As part of these reviews, the Department identified incorrect eligibility determinations regarding parent income, authorizations, co-payments and missing or incomplete documentation.

The Department of Social and Health Services concurs with the description that DSHS conducts monthly audits of at least one percent of the caseload. DSHS does not concur with the description that this does not provide adequate coverage to address the internal control weaknesses to prevent improper payments. When errors are found they are corrected. In instances of improper payments, overpayments are established when appropriate. In addition to auditing at least 1% of applications and eligibility reviews, DSHS takes the following steps to ensure program integrity:

- Requires exceptional payment authorizations to be reviewed and approved by a supervisor before payment can be made. An example of an exceptional payment is when a child requires and is eligible for care six days per week due to parent work activity.
- Works with data provided by the Health Care Authority to audit additional childcare payments. The Health Care Authority (HCA) has developed and runs algorithms which identify billing anomalies. Providers who over-bill or are paid an incorrect rate are identified and overpayments are established. All paid authorizations are reviewed on a scheduled basis.
- Performs 100% pre/post authorization audits for all new childcare workers.
- Reviews provider payment authorizations and validates billing records when potential payment discrepancies are identified.
- Reviews potential overpayments and requests attendance records to reconcile these with corresponding payments to determine provider billing accuracy. In appropriate cases, staff establish an overpayment and the DSHS Office of Financial Recovery (OFR) initiates collection action.

**SAO Cause of Weakness** – DSHS supervisors made eligibility determinations which conflicted with state regulations and the federally approved state plan for the program. When we discussed staff not meeting the 30 day limit for determining eligibility, the Department asserted that income verification could be performed after the 30 day period. State regulations and the approved state plan require

*these verifications to be performed within 30 days and state regulations require the client must reapply for the program if eligibility verification is not complete after 30 days.*

*The Department of Social and Health Services does not concur with the SAO description of the cause of internal control weakness, specifically, that “The Department made eligibility determinations which conflicted with state regulations and the federally approved state plan.”*

*[WAC 170-290-0065 \(1\) \(b\)](#) allows DSHS to use the best available estimate of income when a client begins new employment. A WCCC applicant providing self-attestation of new employment wages or salary and work schedule is the best available estimate and constitutes verification when the employer’s statement is unavailable. Therefore, so long as the applicant makes the statement within the 30 day window (per [WAC 170-290-0095 \(1\)](#)), the application has been completed timely. Benefits may be awarded or continued despite the fact that the applicant’s further corroboration (through pay stubs, employer statement, etc.) of the verification occurs after initial approval of the application or change. Benefits begin when a client has met all of the eligibility requirements as defined in [WAC 170-290-0005](#). There is no rule stating or suggesting that the Department’s request for additional information indicates the original verification supplied by the consumer was incomplete or insufficient for eligibility determination purposes.*

**SAO Cause of Weakness** - *Other incorrect eligibility determinations were a result of required documents, such as birth certificates or work schedule verifications, not being collected. In some of these instances the documents were never collected.*

*The Department of Social and Health Services does not concur that required documentation was not collected. DSHS does not concur that when documentation was not received prior to issuing benefits that benefits were issued to clients who were not eligible to receive them.*

*In the examples provided by SAO, DSHS did not find a single instance where an ineligible client was inappropriately determined eligible to receive benefits.*

**SAO Cause of Weakness** - *The Department’s eligibility system is designed with an alert function that reminds staff when an issue is outstanding and needs to be addressed. The alerts can be dismissed without confirming outstanding issues were addressed.*

*The Department of Social and Health Services concurs that alerts can be dismissed without confirming outstanding issues have been addressed. The Department does not concur that this constitutes a weakness or contributes to improper payments. Staff are trained to process electronic alerts and to take appropriate action to address the outstanding issues. The system is programmed to show the date/time alerts are completed and by whom. Any outstanding issues are addressed by the next worker processing the case.*

### **Auditor’s Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We believe the Department has not adequately designed its process to ensure that only eligible clients are authorized. We also found several instances where, had established procedures been followed as required in WAC and the state plan, clients would not have been determined eligible because of incomplete document verification, including lack of birth certificate, income verification, or self-employment supported earnings and expense receipts.

The Department asserts it is permissible to determine clients eligible when they have not provided all of the verifications requested, including verification of income. The Child Care and Development Plan submitted by Washington state to the federal grantor says applicant statements are allowed for some information, such as household composition or the relationship of the applicant to the child. However, it specifies that the state requires documentation of income and lists the methods the state will use to “document and verify applicant information”. These are listed as “an Employment Verification Form (DSHS # 14-252); cross match using electronic TALX program; paystubs; phone verification with employer. For self-employment: tax documents, business records and receipts. Child support paid or received is verified by court documentation, receipts, pay stubs, and cross-matched with SEMS.” The Employment Verification Form mentioned is required to be filled out by the employer and therefore none of the methods the state says it will use include relying on self-verification by the client. Additionally, WAC 170-290-0095 states if a parent does not complete all required application and verification documentation within 30 days the application process must start over.

While the Department has established procedures when making initial eligibility determinations, there were many instances where incomplete eligibility determinations created unallowable payments. Some of the more notable issues identified led to eventual client terminations, fraud referrals and overpayment assessments. We determined the Department’s processes were ineffective and led to inappropriate client payments.

Additionally, the Department acknowledges in six cases improper payments were likely made based on the Department receiving improper data yet asserts this does not indicate a weakness in internal controls. Had the Department met the requirements of the state plan and WAC 170-290-0095 it is likely these cases would have been identified as ineligible prior to being approved and payments being issued. We reaffirm that without receiving all required verifications, including from the employer or other reliable income data, within 30 days the client cannot be determined eligible to receive benefits and must reapply.

We will review the status of the Department’s corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

45 CFR 98.20 A child's eligibility for child care services, states:

- (a) In order to be eligible for services under § 98.50, a child shall:
  - (1) (i) Be under 13 years of age; or,
    - (ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision;
  - (2) Reside with a family whose income does not exceed 85 percent of the State's median income for a family of the same size; and
  - (3) (i) Reside with a parent or parents (as defined in § 98.2) who are working or attending a job training or educational program; or
    - (ii) Receive, or need to receive, protective services and reside with a parent or parents (as defined in § 98.2) other than the parent(s) described in paragraph (a)(3)(i) of this section.
      - (A) At grantee option, the requirements in paragraph (a)(2) of this section and in § 98.42 may be waived for families eligible for child care pursuant to this paragraph, if determined to be necessary on a case-by-case basis by, or in consultation with, an appropriate protective services worker.
      - (B) At grantee option, the provisions in (A) apply to children in foster care when defined in the Plan, pursuant to § 98.16(f)(7).
- (b) Pursuant to § 98.16(g)(5), a grantee or other administering agency may establish eligibility conditions or priority rules in addition to those specified in this section and §98.44 so long as they do not:
  - (1) Discriminate against children on the basis of race, national origin, ethnic background, sex, religious affiliation, or disability;
  - (2) Limit parental rights provided under Subpart D; or
  - (3) Violate the provisions of this section, § 98.44, or the Plan. In particular, such conditions or priority rules may not be based on a parent's preference for a category of care or type of provider. In addition, such additional conditions or rules may not be based on a parent's choice of a child care certificate.

WAC 170-290-0005 Eligibility, states:

- (1) Parents. To be eligible for WCCC, the person applying for benefits must:
  - (a) Have parental control of one or more eligible children;
  - (b) Live in the state of Washington;
  - (c) Be the child's:
    - (i) Parent, either biological or adopted;
    - (ii) Stepparent;
    - (ii) Legal guardian verified by a legal or court document;

- (iv) Adult sibling or step-sibling;
  - (v) Nephew or niece;
  - (vi) Aunt;
  - (vii) Uncle;
  - (viii) Grandparent;
  - (ix) Any of the relatives in (c)(vi), (vii), or (viii) of this subsection with the prefix "great," such as great-aunt; or
  - (x) An approved in loco parentis custodian responsible for exercising day-to-day care and control of the child and who is not related to the child as described above;
- (d) Participate in an approved activity under WAC [170-290-0040](#), [170-290-0045](#), [170-290-0050](#), or have been approved per WAC [170-290-0055](#);
  - (e) Comply with any special circumstances that might affect WCCC eligibility under WAC [170-290-0020](#);
  - (f) Have countable income at or below two hundred percent of the federal poverty guidelines (FPG). The consumer's eligibility shall end if the consumer's countable income is greater than two hundred percent of the FPG;
  - (g) Not have a monthly copayment that is higher than the state will pay for all eligible children in care;
  - (h) Complete the WCCC application and DSHS verification process regardless of other program benefits or services received; and
    - (i) Meet eligibility requirements for WCCC described in Part II of this chapter.
- (2) Children. To be eligible for WCCC, the child must:
- (a) Belong to one of the following groups as defined in WAC [388-424-0001](#):
    - (i) A U.S. citizen;
    - (ii) A U.S. national;
    - (iii) A qualified alien; or
    - (iv) A nonqualified alien who meets the Washington state residency requirements as listed in WAC [388-468-0005](#);
  - (b) Live in Washington state, and be:
    - (i) Less than age thirteen; or
    - (ii) Less than age nineteen, and:
      - (A) Have a verified special need, according WAC [170-290-0220](#); or
      - (B) Be under court supervision.

WAC 170-290-0012 Verifying consumers' information, states:

- (1) A consumer must complete the DSHS application for WCCC benefits and provide all required information to DSHS to determine eligibility when:
  - (a) The consumer initially applies for benefits; or
  - (b) The consumer reapplies for benefits.
- (2) A consumer must provide verification to DSHS to determine if he or she continues to qualify for benefits during his or her eligibility period when there is a change of circumstances under WAC [170-290-0031](#).
- (3) All verification that is provided to DSHS must:
  - (a) Clearly relate to the information DSHS is requesting;
  - (b) Be from a reliable source; and
  - (c) Be accurate, complete, and consistent.
- (4) If DSHS has reasonable cause to believe that the information is inconsistent, conflicting or outdated, DSHS may:

- (a) Ask the consumer to provide DSHS with more verification or provide a collateral contact (a "collateral contact" is a statement from someone outside of the consumer's residence that knows the consumer's situation); or
  - (b) 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. See WAC [170-290-0025](#)(9).
- (5) The verification that the consumer gives to DSHS includes, but is not limited to, the following:
- (a) A current WorkFirst IRP for consumers receiving TANF;
  - (b) Employer name, address, and phone number;
  - (c) State business registration and license, if self-employed;
  - (d) Work, school, or training schedule (when requesting child care for non-TANF activities);
  - (e) Hourly wage or salary;
  - (f) Either the:
    - (i) Gross income for the last three months;
    - (ii) Federal income tax return for the preceding calendar year; or
    - (iii) DSHS employment verification form;
  - (g) Monthly unearned income the consumer receives, such as child support or supplemental security income (SSI) benefits;
  - (h) If the other parent is in the household, the same information for them;
  - (i) Proof that the child belongs to one of the following groups as defined in WAC [388-424-0001](#):
    - (i) A U.S. citizen;
    - (ii) A U.S. national;
    - (iv) A qualified alien; or
    - (iv) A nonqualified alien who meets the Washington state residency requirements as listed in WAC [388-468-0005](#);
  - (j) Name and phone number of the licensed child care provider; and
  - (k) For the in-home/relative child care provider, a:
    - (i) Completed and signed criminal background check form;
    - (ii) Legible copy of the proposed provider's photo identification, such as a driver's license, Washington state identification, or passport;
    - (iii) Legible copy of the proposed providers' valid Social Security card; and
    - (iv) All other information required by WAC [170-290-0135](#).
- (6) If DSHS requires verification from a consumer that costs money, DSHS must pay for the consumer's reasonable costs.
- (7) DSHS does not pay for a self-employed consumer's state business registration or license, which is a cost of doing business.
- (8) If a consumer does not provide all of the verification requested, DSHS will determine if a consumer is eligible based information already available to DSHS.

WAC 170-290-0020 Eligibility—Special circumstances, states:

- (1) Child care provided at the consumer's place of work. A consumer is not eligible for WCCC benefits for his or her children when child care is provided at the same location where the consumer works.
- (2) Consumer's child care employment.

- (a) A consumer may be eligible for WCCC benefits during the time she or he works in a child care center but does not provide direct care in the same classroom to his or her children during work hours.
  - (b) A consumer is not eligible for WCCC benefits during the time she or he works in a family home child care where his or her children are also receiving subsidized child care.
  - (c) In-home/relative providers who are paid child care subsidies to care for children receiving WCCC benefits may not receive those benefits for their own children during the hours in which they provide subsidized child care.
  - (d) A child care provider who receives TANF benefits on behalf of a dependent child may not bill the state for subsidized child care for that same child.
- (3) Two-parent family.
- (a) A consumer may be eligible for WCCC if he or she is a parent in a two-parent family and one parent is not able or available as defined in WAC [170-290-0003](#) to provide care for the children while the other parent is working or participating in approved activities.
  - (b) If a consumer claims one parent is not able to care for the children the consumer must provide written documentation from a licensed professional (see WAC [388-448-0020](#)) that states the:
    - (i) Reason the parent is not able to care for the children;
    - (ii) Expected duration and severity of the condition that keeps the parent from caring for the children; and
    - (iii) Treatment plan if the parent is expected to improve enough to be able to care for the children. The parent must provide evidence from a medical professional showing he or she is cooperating with treatment and is still not able to care for the children.
- (4) Single-parent family. A consumer is not eligible for WCCC benefits when he or she is the only parent in the family and will be away from the home for more than thirty days in a row.
- (5) Legal guardians.
- (a) A legal guardian under WAC [170-290-0005](#) may receive WCCC benefits for his or her work or approved activities without his or her spouse or live-in partner's availability to provide care being considered unless his or her spouse or live-in partner is also named on the permanent custody order.
  - (b) Eligibility for WCCC benefits is based on the consumer's work or approved activities schedule, the child's need for care, and the child's income eligibility and family size of one.
  - (c) The consumer's spouse or live-in partner is not eligible to receive subsidized child care payments as a child care provider for the child.
- (6) In loco parentis custodians.
- (a) An in loco parentis custodian may be eligible for WCCC benefits when he or she cares for an eligible child in the absence of the child's legal guardian or biological, adoptive or step-parents.
  - (b) An in loco parentis custodian who is not related to the child as described in WAC [170-290-0005](#)(1) may be eligible for WCCC benefits if he or she has:
    - (i) A written, signed agreement between the parent and the caregiver assuming custodial responsibility; or
    - (ii) Receives a TANF grant on behalf of the eligible child.
  - (c) Eligibility for WCCC benefits is based on his or her work schedule, the child's need for care, and the child's income eligibility and family size of one.

- (d) The consumer's spouse or live-in partner is not eligible to receive subsidized child care payments as a child care provider for the child.
- (7) WorkFirst sanction.
  - (a) A consumer may be eligible for WCCC if he or she is a sanctioned WorkFirst participant and participating in an activity needed to remove a sanction penalty or to reopen his or her WorkFirst case.
  - (b) A WorkFirst participant who loses his or her TANF grant due to exceeding the federal time limit for receiving TANF may still be eligible for WCCC benefits under WAC [170-290-0055](#).

WAC 170-290-0031 Notification of changes, states:

When a consumer applies for or receives WCCC benefits, he or she must:

- (1) Notify DSHS, within five days, of any change in providers;
- (2) Notify the consumer's provider within ten days when DSHS changes his or her child care authorization;
- (3) Notify DSHS within ten days of any significant change related to the consumer's copayment or eligibility, including:
  - (a) The number of child care hours the consumer needs (more or less hours);
  - (b) The consumer's countable income, including any TANF grant or child support increases or decreases, only if the change would cause the consumer's countable income to exceed the maximum eligibility limit as provided in WAC [170-290-0005](#). A consumer may notify DSHS at any time of a decrease in the consumer's household income, which may lower the consumer's copayment under WAC [170-290-0085](#);
  - (c) The consumer's household size such as any family member moving in or out of his or her home;
  - (d) Employment, school or approved TANF activity (starting, stopping or changing);
  - (e) The address and telephone number of the consumer's in-home/relative provider;
  - (f) The consumer's home address and telephone number; and
  - (g) The consumer's legal obligation to pay child support;
- (4) Report to DSHS, within twenty-four hours, any pending charges or conviction information the consumer learns about his or her in-home/relative provider; and
- (5) Report to DSHS, within twenty-four hours, any pending charges or conviction information the consumer learns about anyone sixteen years of age and older who lives with the provider when care occurs outside of the child's home.

WAC 170-290-0082, Eligibility period, states:

- (1) A consumer who meets all of the requirements of part II of this chapter is eligible to receive WCCC subsidies for twelve months before having to redetermine his or her income eligibility. The twelve-month eligibility period in this subsection applies only if enrollments in the WCCC program are capped as provided in WAC [170-290-0001](#)(1). Regardless of the length of eligibility, consumers are still required to report changes of circumstances to DSHS as provided in WAC [170-290-0031](#).
- (2) A consumer's eligibility may be for less than twelve months if:
  - (a) Requested by the consumer; or
  - (b) A TANF consumer's individual responsibility plan indicates child care is needed for less than twelve months.
- (3) A consumer's eligibility may end sooner than twelve months if:
  - (a) The consumer no longer wishes to participate in WCCC; or
  - (b) DSHS terminates the consumer's eligibility as stated in WAC [170-290-0110](#).

- (4) All children in the consumer's household under WAC [170-290-0015](#) are eligible for the twelve-month eligibility period.
- (5) The twelve-month eligibility period begins:
  - (a) When benefits begin under WAC [170-290-0095](#); or
  - (b) Upon reapplication under WAC [170-290-0109](#)(4).

WAC 170-290-0095, When WCCC benefits start, states:

- (1) WCCC benefits for an eligible consumer may begin when the following conditions are met:
  - (a) The consumer has completed the required WCCC application and verification process as described under WAC [170-290-0012](#) within thirty days of the date DSHS received the consumer's application or reapplication for WCCC benefits;
  - (b) The consumer is working or participating in an approved activity under WAC [170-290-0040](#), [170-290-0045](#), [170-290-0050](#) or [170-290-0055](#);
  - (c) The consumer needs child care for work or approved activities within at least thirty days of the date of application for WCCC benefits; and
  - (d) The consumer's eligible provider (under WAC [170-290-0125](#)) is caring for his or her children.
- (2) If a consumer fails to turn in all information within thirty days from his or her application date, the consumer must restart the application process.
- (3) The consumer's application date is whichever is earlier:
  - (a) The date the consumer's application is entered into DSHS's automated system; or
  - (b) The date the consumer's application is date stamped as received.

WAC 170-290-0109, New eligibility period, states:

- (1) If a consumer wants to receive child care benefits for another eligibility period, he or she must reapply for WCCC benefits before the end of the current eligibility period. To determine if a consumer is eligible, DSHS:
  - (a) Requests reapplication information before the end date of the consumer's current WCCC eligibility period; and
  - (b) Verifies the requested information for completeness and accuracy.
- (2) A consumer may be eligible for WCCC benefits for a new eligibility period if:
  - (a) DSHS receives the consumer's reapplication information no later than the last day of the current eligibility period;
  - (b) The consumer's provider is eligible for payment under WAC [170-290-0125](#); and
  - (c) The consumer meets all WCCC eligibility requirements.
- (3) If DSHS determines that a consumer is eligible for WCCC benefits based on his or her reapplication information, DSHS notifies the consumer of the new eligibility period and copayment.
- (4) When a consumer submits a reapplication after the last day of his or her current eligibility period, the consumer's benefits begin:
  - (a) On the date that the consumer's reapplication is date-stamped as received in DSHS's community service office or entered into the DSHS automated system, whichever date is earlier;
  - (b) When the consumer is working or participating in an approved WorkFirst activity; and
  - (c) The consumer's child is being cared for by his or her eligible WCCC provider.

**2015-027 The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
<b>Federal Award Number:</b>	G1401WACCDF; G1501WACCDF
<b>Applicable Compliance Component:</b>	Period of Availability
<b>Questioned Cost Amount:</b>	\$21,320,595
<b>Likely Questioned Cost Amount:</b>	\$7,209,569

## **Background**

The Department of Early Learning (DEL) administers the federal Child Care and Development Fund (CCDF) grant to assist eligible working families in paying for child care. The Department of Social and Health Services (DSHS) pays child care providers under an agreement with DEL. The Departments are responsible for ensuring grant money is used only for costs that are allowable and related to each grant's purpose. The federal grants specify a period when program costs may be obligated. Payments for costs obligated prior to the beginning date of a grant are not allowed without prior approval by the grantor.

In fiscal year 2015, child care providers were paid approximately \$200 million in federal grant funds.

## **Description of Condition**

The Departments did not have adequate internal controls in place to ensure federal period of availability requirements were met.

The CCDF grant awards have a fiscal year 2015 grant period that began on October 1, 2014. We found DSHS obligated \$21,317,679 of program expenditures in September 2014, but the costs were charged to the fiscal year 2015 grants.

We also examined 399 payments for child care services to determine whether they met federal requirements. We found nine payments, totaling \$2,916, were charged to the fiscal year 2015 grant, but were for child care services provided before the grant period began.

The Department did not have prior authorization from the grantor to charge pre-award costs to the grants.

## **Cause of Condition**

We confirmed with DEL and DSHS that, during the audit period, no staff were assigned to track or monitor period of availability requirements for the CCDF grant. Both Departments confirmed that they did not collaborate or jointly review the expenditures and period of performance requirements relating to the CCDF grant. Neither Department had formal written policies or procedures in place related to period of availability requirements.

## **Effect of Condition and Questioned Costs**

Without having adequate internal controls in place, the Department is at a higher risk for using federal grant funds outside a grant's period of availability. This resulted in the Department making improper payments with federal funds.

A statistical sampling method was used to randomly select the 399 payments examined in the audit. We estimate the amount of likely federal questioned costs to be \$7,209,569. The statistical sample that was used for testing was also used to test compliance with eligibility and period of performance requirements. Because some payments tested were unallowable for violating multiple requirements, some of the questioned costs reported here are also reported in findings number 2015-023 and 2015-026.

We are also questioning improperly charged grant expenditures, or known questioned costs, of \$21,320,595 made before the start of the grant's period of availability.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

## **Recommendation**

We recommend the Departments:

- Establish written policies and procedures that are adequate to ensure compliance with grant requirements.
- Assign staff to monitor period of availability requirements and coordinate their efforts to ensure grant requirements are met.
- Only charge expenditures to federal grants if they are obligated during the period of availability.

The Department should consult with its grantor to determine what, if any, of the questioned costs should be repaid.

## **Agency's Response**

*The Department concurs with this finding.*

*The Department's Economic Services Administration (ESA), Division of Finance and Financial Recovery will establish, sponsor and lead a cross-agency committee comprised of ESA, Financial Services Administration, Department of Early Learning (DEL), Office of Financial Management and Washington Technology Solutions staff. This committee will review the processes involved and recommend implementation of changes to the existing Cost Allocation System (CAS) methodology. These changes will ensure that federal grant-related accruals are accounted for in the appropriate period of performance (grant year).*

*As an immediate fix to rectify the existing issue (including questioned costs), ESA and DEL will develop, coordinate, and utilize a manual process (journal vouchers) to ensure full compliance until the revised CAS methodology is implemented.*

*The committee will also work with the appropriate Federal agencies to discuss changing and/or updating the compliance supplement to better align with the State's business practices for cash*

*draws and reporting of the federal grants. We will continue discussions with our Federal partners regarding what, if any, of the questioned costs should be repaid and acceptance of our prospective corrections*

### **Auditor's Concluding Remarks**

We thank the Departments for their 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

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The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
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  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

45 CFR 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 § 98.53 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.
- (4) Except for paragraph (d)(5) of this section, determination of whether funds have been obligated and liquidated will be based on:
  - (i) State or local law; or,
  - (ii) If there is no applicable State or local law, the regulation at 45 CFR 92.3, Obligations and Outlays (expenditures).
- (5) Obligations may include subgrants or contracts that require the payment of funds to a third party (e.g., subgrantee or contractor). However, the following are not considered third party subgrantees or contractors:
  - (i) A local office of the Lead Agency;
  - (ii) Another entity at the same level of government as the Lead Agency; or
  - (iii) A local office of another entity at the same level of government as the Lead Agency.
- (6) For purposes of the CCDF, funds for child care services provided through a child care certificate will be considered obligated when a child care certificate is issued to a family in writing that indicates:
  - (i) The amount of funds that will be paid to a child care provider or family, and
  - (ii) The specific length of time covered by the certificate, which is limited to the date established for redetermination of the family's eligibility, but shall be no later than the end of the liquidation period.
- (7) Any funds not obligated during the obligation period specified in paragraph (d) of this section will revert to the Federal government. Any funds not liquidated by the end of the applicable liquidation period specified in paragraph (d) of this section will also revert to the Federal government.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2015, Part 3 – Compliance Requirements, states in part:

#### H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS Compliance Requirements

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, §\_\_\_\_.23; OMB Circular A-110 (2 CFR section 215.28)).

**2015-028 The Department of Social and Health Services did not have adequate internal controls over and did not comply with foster care payment rate setting and application requirements for the Foster Care program.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.658 Foster Care – Title IV-E  
**Federal Award Number:** 1401WA1401; 1501WAFOST  
**Applicable Compliance Component:** Special Tests and Provisions – Payment Rate Setting and Application  
**Questioned Cost Amount:** None

**Background**

The Title IV-E Foster Care program helps states provide safe and stable out-of-home care for children under the jurisdiction of the state child welfare agency until the children are returned home safely, placed with adoptive families or placed in other planned arrangements for permanency. The program provides funds to states to assist with the costs of foster care maintenance for eligible children, administrative costs to manage the program and training for state agency staff, foster parents and certain private agency staff. Funds may not be used for costs of social services, such as those that provide counseling or treatment to improve or remedy personal problems, behaviors, or home conditions for a child, the child's family, or the child's foster family.

In Washington State, the Department of Social and Health Services, Children’s Administration is responsible for the oversight and administration of the Foster Care program. State Foster Care agencies establish basic payment rates for maintenance payments to foster parents, child care institutions or directly to children. As a result, the Department is required to submit a Title IV-E plan to the grantor that must include a periodic review of the payment rates at reasonable, specific and time-limited periods. The Department is also responsible for reviewing foster care basic maintenance payment rates for continued appropriateness in accordance with its submitted plan and must establish payment rates that provide only for costs necessary for the proper and efficient administration of the Foster Care program.

During fiscal year 2015 the Department spent approximately \$83 million in federal grant funds with more than \$23 million being paid to eligible foster care recipients and their guardians.

For the fiscal year 2014 audit period we reported the Department did not have adequate internal controls in place to ensure the Department performed a periodic review of basic maintenance payment rates for their continued appropriateness, as required by federal regulations. The Department was not compliant with foster care payment rate setting and application requirements for the Foster Care program. The prior finding number was 2014-027.

**Description of Condition**

For the fiscal year 2015 audit period, we sought to determine if basic maintenance rates established by the Department were reviewed for their continued appropriateness and if the review was conducted in accordance with the Department’s approved Title IV-E state plan. We found the Department’s Title IV-E plan did not specifically address the frequency of its periodic review of

payment rates. We also found the Department had continued to pay the same maintenance payment rates to eligible foster care recipients and had not performed a review of basic maintenance payment rates for continued appropriateness for at least six years.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

Because the Department's IV-E state plan was approved by the grantor, the Department had previously felt its plan was sufficient to ensure the Department met all federal program requirements.

Prior to 2009, the Department had been following the statewide regularized approach to examining foster care maintenance rates through the Governor's Vendor Rate Committee. This committee examined many rates paid by the state and made recommendations for periodic adjustments as necessary. The committee was repealed in 2009, and the Department had not implemented a replacement review process to ensure its compliance with federal requirements. In 2010, the Department was subject to litigation pertaining to basic maintenance payment rates being paid to foster care providers. Management asserts this was a key factor in why it did not create a replacement process for basic maintenance rate review.

During the audit period, the Department agreed to a settlement, provided the Department receive a budget increase of \$33 million to cover the costs of reimbursement to foster care providers applied over the next four years. The final settlement agreement requires the Department to calculate the amount it reimburses foster care providers based on the actual costs of raising a child in the state of Washington. This would result in a significant increase in the basic maintenance payment rates paid to eligible recipients, and require the Department to establish a process for conducting a review of basic maintenance payment rates for continued appropriateness.

The Department included this request in its budget proposal to the Legislature for the 2015-2017 biennium. However, the additional funding was not approved until after July 1, 2015, which occurred outside the audit period. As a result, the Department's basic maintenance payment rates remained unchanged from the previous year.

### **Effect of Condition**

Performing periodic reviews of current basic maintenance payment rates for their continued appropriateness is a federal requirement. Not reviewing payment rates for appropriateness may result in the Department under-paying foster care providers. Additionally, the grant terms and conditions state failure to comply may result in the loss of federal funds and may be considered grounds for the suspension or termination of the grant.

### **Recommendation**

We recommend the Department:

- Perform a review of its maintenance payment rates, as required by federal regulations.
- Establish a process for evaluating basic maintenance payment rates for its continued appropriateness, specifying the methodology and periodicity of required review.
- Ensure the established process is included in its approved Title IV-E plan as required.

### **Agency's Response**

*The Department concurs with this finding.*

*The settlement of the Foster Parents Association of Washington State lawsuit and subsequent funding by the legislature beginning State Fiscal Year 2016, increased the basic maintenance rate paid to licensed foster care homes. The increase in the maintenance rate is tied to an economic analysis of the cost of raising a child. Per the settlement agreement, Children's Administration (CA) will review the maintenance payment in 2019 to see if it needs adjustment. If an increase is indicated by the economic analysis, CA will submit a decision package for additional funding. CA will periodically review the maintenance payment after 2019 to see if it is adequate under changing economic conditions and include this process in the Title IV-E State Plan.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

#### Grant Award; GENERAL TERMS AND CONDITIONS; MANDATORY FORMULA, BLOCK and ENTITLEMENT GRANT PROGRAMS

Except as noted otherwise, these Terms and Conditions apply to all mandatory grant programs administered by the Administration for Children and Families (see Appendix A). Please also review the separate program-specific Addendum to these Terms and Conditions applicable to each program.

By acceptance of the individual awards, each grantee agrees to comply with these requirements. Failure to comply may result in the loss of Federal funds and may be considered grounds for the suspension or termination of the grant.

45 CFR section 1356.21 (m) – Requirements Applicable to Title IV-E, Foster care maintenance payments program implementation requirements, states in part:

*Review of payments and licensing standards.* - In meeting the requirements of section 471(a)(11) of the Act, the title IV-E agency must review at reasonable, specific, time-limited periods to be established by the agency:

- (1) The amount of the payments made for foster care maintenance and adoption assistance to assure their continued appropriateness.

42 USC 671(a)(11) - State Plan for foster care and adoption assistance – Requisite features of State Plan states, in part:

In order for a state to be eligible for payments under this part, it shall have a plan approved by the Secretary which –

- (11) Provides for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance to assure their continuing appropriateness;

**2015-029** The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed with the frequency required by federal regulations and state law.

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid, Title XIX) –American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT  
**Applicable Compliance Component:** Special Test and Provisions – Provider Health and Safety Standards  
**Questioned Cost Amount:** None

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. Almost \$2.3 million was spent by the Department of Health.

In Washington there are 100 hospitals that fall into one of three categories:

- Acute care/general
- Chemical dependency
- Psychiatric

State law requires the Department of Health, or an accreditation agency, to survey all acute care/general hospitals on average at least every 18 months. Surveys for chemical dependency and psychiatric hospitals must be performed on 12 month intervals. Surveys focus on the hospital’s administration and patient services, as well as compliance with federal health, safety and quality standards designed to ensure patients receive safe and quality care services.

The state has 64 Medicare certified home health agencies, which provide necessary support services to allow clients to get the care they need in their own home setting. Services provided by home health agencies can range from companion care provided by trained providers to advanced skilled

care provided by registered or licensed practical nurses. Federal regulations require the Department of Health, or accreditation agencies such as the Community Health Accreditation Program or the Joint Commission on Accreditation of Healthcare Organizations, to survey all home health agencies at least every 36.9 months to maintain Medicare certification and be eligible to accept Medicaid clients as stated in the Mission and Priority Statement issued by Centers for Medicare and Medicaid Services.

Federal regulations require states to ensure home health agencies and health care facilities, such as hospitals, to meet prescribed health and safety standards in order to be eligible for federal reimbursement.

In the past three years we have reported in audit findings that the Department has not completed required surveys in accordance with the frequency required by federal regulations and state law. Prior finding numbers 2014-028, 13-019, 12-33 and 11-25.

### **Description of Condition**

While the Department made significant improvements over its internal controls to perform surveys in a timely manner, it will take a period of 36 months for the Department to be in material compliance. We determined the internal control deficiency from the prior year finding is resolved.

#### *Hospitals*

In fiscal year 2015, we found surveys for 37 (39 percent) of the state's 95 acute/general hospitals were not performed within the required 18 month average frequency rate. Twenty-eight of the 37 were reported in the 2014 Medicaid finding. The surveys that exceeded the average ranged from 18.3 to 31.3 months. Twelve of the hospitals had their survey conducted by an accrediting organization; however, the Department was still responsible to ensure the surveys were completed timely.

#### *Home Health Agencies*

In fiscal year 2015, we found surveys for 5 (10 percent) of the state's 52 home health agencies were not performed within 36.9 months as required by law. Two of the 5 were reported in the 2014 Medicaid finding. Of the state's 12 home health agencies that were surveyed by an accrediting organization, two (17 percent) exceeded the required 36.9 month survey interval. One of these home health agencies was reported in the prior year's audit finding. Although the two surveys were conducted by an accrediting organization, the Department was still responsible to ensure the surveys were completed timely.

## **Cause of Condition**

### *Hospitals*

Since state law bases the timeliness on an average of 18 months between surveys, deficiencies reported in prior findings continued to impact the measurement of hospital surveys in fiscal year 2015.

### *Home Health Agencies*

Deficiencies we reported in prior findings continue to impact the measurement of home health agency surveys in fiscal year 2015.

## **Effect of Condition**

When surveys of hospitals and home health agencies are not performed as required, the state is paying the facilities for services provided to Medicaid clients without assurance they are compliance with required health standards and regulations.

## **Recommendation**

We recommend the Department conduct hospital and home health agency surveys in accordance with the frequency required by federal and state laws.

## **Department's Response**

*We concur with above findings and have implemented the necessary steps to ensure that both hospitals and home health agencies are surveyed in accordance with the applicable requirements.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Title 42 Code of Federal Regulations, Section 430.10 The State plan, states:

The State plan is a comprehensive written statement submitted by the agency describing the nature and scope of its Medicaid program and giving assurance that it will be administered in conformity with the specific requirements of title XIX, the regulations in this Chapter IV, and other applicable official issuances of the Department. The State plan contains all information necessary for CMS to determine whether the plan can be approved to serve as a basis for Federal financial participation (FFP) in the State program.

RCW 70.41.120 Inspection of hospitals – Final report – Alterations or additions, new facilities – Coordination with state and local agencies – Notice of inspection, states in part:

- (1) The department shall make or cause to be made an unannounced inspection of all hospitals on average at least every eighteen months. Every inspection of a hospital may include an inspection of every part of the premises. The department may make an examination of all phases of the hospital operation necessary to determine compliance with the law and the standards, rules and regulations adopted thereunder.

RCW 70.41.122 Exemption from RCW 70.41.120 for hospitals accredited by other entities, states:

Surveys conducted on hospitals by the joint commission on the accreditation of health care organizations, the American osteopathic association, or Det Norske Veritas shall be deemed equivalent to a department survey for purposes of meeting the requirements for the survey specified in RCW 70.41.120 if the department determines that the applicable survey standards are substantially equivalent to its own.

- (1) Hospitals so surveyed shall provide to the department within thirty days of learning the result of a survey documentary evidence that the hospital has been certified as a result of a survey and the date of the survey.
- (2) Hospitals shall make available to department surveyors the written reports of such surveys during department surveys, upon request.

WAC 246-320-016 Department responsibilities – On-site survey and complaint investigation, states in part:

This section outlines the department's on-site survey and complaint investigation activities and roles.

(1) Surveys. The department will:

- (a) Conduct on-site surveys of each hospital on average at least every eighteen months or more often using the health and safety standards in this chapter and chapter 70.41 RCW;
- (f) Accept on-site surveys conducted by the Joint Commission or American Osteopathic Association as meeting the eighteen-month survey requirement in accordance with RCW 70.41.122.

WAC 246-322-020 Licensure – Initial, renewal, modifications, state in part:

- (1) A person shall have a current license issued by the department before operating or advertising a private psychiatric hospital.
- (3) The licensee shall apply for license renewal annually at least thirty days before the expiration (a) A completed application on forms provided by the department;

RCW 71.12.480 Examination of operation of establishment and premises before granting license

The department of health shall not grant any such license until it has made an examination of all phases of the operation of the establishment necessary to determine compliance with rules adopted under this chapter including the premises proposed to be licensed and is satisfied that the premises are substantially as described, and are otherwise fit and suitable for the purposes for which they are designed to be used, and that such license should be granted.

42 U.S.C. § 1395bbb. Conditions of participation for home health agencies; home health quality, states in part:

(c) Surveys of home health agencies

- (1) Any agreement entered into or renewed by the Secretary pursuant to section 1395aa of this title relating to home health agencies shall provide that the appropriate State or local agency shall conduct, without any prior notice, a standard survey of each home health agency. . .
- (2) (A) Except as provided in subparagraph (B), each home health agency shall be subject to a standard survey not later than 36 months after the date of the previous standard survey conducted under this paragraph. The Secretary shall establish a frequency for surveys of home health agencies within this 36-month interval commensurate with the need to assure the delivery of quality home health services.

State Operations Manual: Chapter 2, Section 2195 - Guidelines for Determining Survey Frequency (Rev. 1, 05-21-04)

Section 1891(c)(2)(A) of the Act states that standard surveys will occur not later than 36 months after the previous standard survey, and that the Secretary shall establish a frequency for surveys within this 36-month interval commensurate with the need to assure the delivery of quality home health services.

**2015-030 The Health Care Authority did not perform semi-annual data sharing with health insurers as required by state law.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

It is common for Medicaid beneficiaries to have one or more additional sources of coverage for health care services. Third party liability refers to the legal obligation of third parties, such as insurance companies, to pay part or all of the expenditures for medical assistance furnished under a Medicaid state plan. By law, Medicaid is the “payor of last resort”, meaning all other available third party resources must meet their legal obligation to pay claims before the Medicaid program pays for the care of an individual eligible for Medicaid.

The federal Deficit Reduction Act of 2005 requires health insurers to provide states with eligibility and coverage information that will enable Medicaid agencies to determine whether clients have third-party coverage. As a condition of receiving federal Medicaid funding, the Act directed states to enact laws requiring health insurers doing business in their state to provide the eligibility and coverage information necessary to determine whether Medicaid clients have third party coverage.

To comply with this requirement, the Legislature passed RCW 74.09A in 2007 that requires the Health Care Authority to provide Medicaid client eligibility and coverage information *to health*

*insurers.* As a condition of doing business with the state, the insurers are required to use that information to identify Medicaid clients with third-party coverage and provide those results to the Authority. The law requires the exchange of data to occur not less than twice per year. The Authority was required to focus its implementation of the law on those health insurers with the highest probability of joint beneficiaries.

Since 2008, we have reported findings regarding lack of internal controls over and noncompliance with the federal Deficit Reduction Act of 2005 and the state law. Prior audit finding numbers were 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19, and 08-25.

### **Description of Condition**

The Authority did not perform semi-annual data sharing with health insurers as required by state law.

The Centers for Medicare and Medicaid Services developed the Payer Initiated Eligibility/Benefits (PIE) Transaction, the national standard format for data sharing prescribed by the federal government. The Authority implemented this transaction format in July 2013. In October 2013, the Authority sent letters to ten major insurance carriers with the most Medicaid clients, inviting them to begin data sharing.

During the audit period, the Authority received 24 client data files from private health insurers and attempted to upload three that contained over 10,000 client policy records. The Authority was forced to stop after a three-day nonstop effort because its systems were unable to manage the large influx of data. The Authority ceased all future data exchanges with health insurers and is working with its Medicaid Management Information System vendor to resolve the capacity issue.

In response to the prior year finding, the Authority planned to work with the Office of the Insurance Commission and the Office of Financial Management by December 2015 to enhance direct insurer participation. As of June 30, 2015 the Authority had not discussed the issue with either agency.

RCW 74.09A.020 states that the Authority is to provide client data to health insurers and the insurers are to identify joint beneficiaries and transmit the information to the Authority. The law and the Authority's current practice do not align. In practice, the data exchange is initiated by payers (health insurers) and the Authority will work to identify joint beneficiaries.

The U.S. Government Accountability Office (GAO) published an audit report in January 2015 that stated additional federal action is needed in improve third-party liability efforts for the Medicaid program. The GAO also found states commonly face challenges with their third-party liability efforts, such as health insurers refusing the provider coverage information or denying liability for procedural reasons.

We consider the condition described above to be material noncompliance with federal grant requirements and, as a result, a material weakness in internal controls.

## **Cause of Condition**

The client files received from health insurers were much larger than anticipated and the Authority could not manage the incoming information due to data processing and storage limitations. In addition, the Authority asserts it has no authority to compel private insurance carriers to participate in the data exchange.

## **Effect of Condition**

Without performing the data exchange and data match, the Authority is not able to timely identify Medicaid clients that have third party insurance coverage. This puts the Authority at a higher risk of paying claims that are not allowable. Additionally, the Authority is out of compliance with the federal Deficit Reduction Act of 2005 and state law (RCW 74.09A.020).

## **Recommendation**

We recommend the Authority:

- Work with the Office of Insurance Commissioner, the Office of Financial Management and the Legislature to bring Washington into compliance with state law.
- Continue its efforts to perform data-matches with private insurers.

## **Authority's Response**

*RCW 74.09A.020 requires HCA to provide routine and periodic computerized information to health insurers regarding client eligibility and coverage information, and requires health insurers to use this information to identify joint beneficiaries. HCA [Health Care Authority] does not have legal authority to compel insurers to comply with this law.*

*The Authority meets the intent of the law by performing data matching with insurance carriers in the State of Washington on a regular basis. Data exchanges occur in real time using information and electronic data available to the State Medicaid program.*

*In addition, the Authority contracts with a vendor to provide supplemental identification of TPL [Third Party Liability] not previously identified by HCA. The vendor works closely with carriers to implement new data sharing agreements and expand the data they receive for data matching with the Washington Eligibility file to identify the legal liabilities of third parties. They receive carrier data as frequently as daily and weekly, and most carrier data exchanges occur monthly. This contract supplements the Authority's data matching capabilities and further ensures compliance with applicable state law.*

*The Authority will continue to encourage health insurers to develop systems capable of participating in the PIE data exchange, and will contact the Office of Insurance Commissioner and the Office of Financial Management to consider options for working with Legislature to align state law to the current practice.*

## **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit.

We acknowledge the Authority has contracted with a vendor that performs data matches to provide supplemental identification of Third Party Liability. In our opinion, we do not believe this activity has brought the Authority into compliance with federal regulations and state law. We encourage the Authority to continue to work with health insurers and develop a system in which the PIE data exchange can take place.

We reaffirm our finding and will review this area during our next audit.

## **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

**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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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, United States Code, Part 1396a(a)(25) State plan for medical assistance, states in part:

- (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties (including health insurers, self-insured plans, group health plans (as defined in section 1167(1) of U.S.C. Title 29), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service) to pay for care and services available under the plan, including--
- (i) the collection of sufficient information (as specified by the Secretary in regulations) to enable the State to pursue claims against such third parties, with such information being collected at the time of any determination or redetermination of eligibility for medical assistance, and
  - (ii) the submission to the Secretary of a plan (subject to approval by the Secretary) for pursuing claims against such third parties, which plan shall be integrated with, and be monitored as a part of the Secretary's review of, the State's mechanized claims

processing and information retrieval systems required under section 1396b(r) of this title;

- (H) that to the extent that payment has been made under the State plan for medical assistance in any case where a third party has a legal liability to make payment for such assistance, the State has in effect laws under which, to the extent that payment has been made under the State plan for medical assistance for health care items or services furnished to an individual, the State is considered to have acquired the rights of such individual to payment by any other party for such health care items or services; and

Revised Code of Washington (RCW) 74.09A.005 states:

The legislature finds that:

- (1) Simplification in the administration of payment of health benefits is important for the state, providers, and health insurers;
- (2) The state, providers, and health insurers should take advantage of all opportunities to streamline operations through automation and the use of common computer standards;
- (3) It is in the best interests of the state, providers, and health insurers to identify all third parties that are obligated to cover the cost of health care coverage of joint beneficiaries; and
- (4) Health insurers, as a condition of doing business in Washington, must increase their effort to share information with the authority and accept the authority's timely claims consistent with 42 U.S.C. 1396a (a)(25).

Therefore, the legislature declares that to improve the coordination of benefits between the health care authority and health insurers to ensure that medical insurance benefits are properly utilized, a transfer of information between the authority and health insurers should be instituted, and the process for submitting requests for information and claims should be simplified.

RCW 74.09A.020 states:

Computerized information — Provision to health insurers.

1. The authority shall provide routine and periodic computerized information to health insurers regarding client eligibility and coverage information. Health insurers shall use this information to identify joint beneficiaries. Identification of joint beneficiaries shall be transmitted to the authority. The authority shall use this information to improve accuracy and currency of health insurance coverage and promote improved coordination of benefits.
2. To the maximum extent possible, necessary data elements and a compatible database shall be developed by affected health insurers and the authority. The authority shall establish a representative group of health insurers and state agency representatives to develop necessary technical and file specifications to promote a standardized database. The database shall include elements essential to the authority and its population's health insurance coverage information.
3. If the state and health insurers enter into other agreements regarding the use of common computer standards, the database identified in this section shall be replaced by the new common computer standards.

4. The information provided will be of sufficient detail to promote reliable and accurate benefit coordination and identification of individuals who are also eligible for authority programs.
5. The frequency of updates will be mutually agreed to by each health insurer and the authority based on frequency of change and operational limitations. In no event shall the computerized data be provided less than semiannually.
6. The health insurers and the authority shall safeguard and properly use the information to protect records as provided by law, including but not limited to chapters 42.48, 74.09, 74.04, 70.02, and 42.56 RCW, and 42 U.S.C. Sec. 1396a and 42 C.F.R. Sec. 43 et seq. The purpose of this exchange of information is to improve coordination and administration of benefits and ensure that medical insurance benefits are properly utilized.
7. The authority shall target implementation of this section to those health insurers with the highest probability of joint beneficiaries.

**2015-031 The Health Care Authority did not collect application fees from prospective or re-enrolling Medicaid providers, resulting in non-compliance with Affordable Care Act provisions.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions - Provider Eligibility
<b>Likely Questioned Cost Amount:</b>	\$17,794

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures.

In March 2011, federal regulations began to require states (with some exceptions) to collect an application fee for newly enrolling or re-enrolling institutional provider who was not already enrolled in Medicare.

Application fees collected by states must be used to offset the state Medicaid agency’s provider screening and enrollment costs. If revenue from application fees exceeds the cost of conducting the required screening, states must return the portion of the application fees which exceed the state’s administrative costs to the federal government.

In fiscal year 2015, the Health Care Authority newly enrolled or re-enrolled more than 300 institutional providers. The application fee for calendar year 2015 was \$553. The fee has increased every year since 2011.

**Description of Condition**

The Authority did not collect application fees from any prospective or re-enrolling Medicaid provider.

## **Cause of Condition**

The Authority has not implemented a fee collection process because it asserts the cost of implementing the provisions of the federal regulation will exceed revenue collected from providers. The fee only applies to new and re-enrolling institutional providers who have not already paid an application fee to Medicare, the number of which the Authority believes is marginal.

## **Effect of Condition and Questioned Costs**

Application fees collected by the Authority must be used to offset the Medicaid administrative provider screening and enrollment costs. By not collecting the application fees, the Authority does not offset any Medicaid administrative costs, resulting in a loss of federal and state resources.

In fiscal year 2015, the Authority newly enrolled or re-enrolled 325 institutional providers. Using information from the Centers for Medicare & Medicaid Services (CMS), we estimate 65 institutional providers<sup>1</sup> should have paid \$35,588 in application fees. We calculated this estimate by applying the average application fee of \$547.50 for calendar years 2014 and 2015 to 65 providers. The federal portion of this amount is \$17,794 for fiscal year 2015.

Federal regulations required Medicaid agencies to begin collecting the fees on or after March 25, 2011. The Authority has newly enrolled or re-enrolled 1,335 institutional providers since March 25, 2011. We estimate the Authority has failed to collect \$141,777 from 267 institutional providers since March 25, 2011. We calculated this amount by using the average application fee of \$531 for calendar years 2011 through 2015.

## **Recommendation**

We recommend the Authority establish an application fee collection process to be in compliance with the federal law.

The Authority should consult with the U.S. Department of Health and Human Services to determine what, if any, of the questioned costs should be repaid.

## **Authority's Response**

*The Authority concurs with the finding. The Authority has taken steps to establish and implement a process for collection of the provider application fee for institutional providers that are prospective or re-enrolling Medicaid providers. The Authority will have this process in place by May 31, 2016.*

## **Auditor's Concluding Remarks**

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<sup>1</sup> Centers for Medicare & Medicaid Services (CMS) estimates that 80 percent of Medicaid providers also participate in the Medicare program according to the CMS Final Rule outlining the implementation of the Affordable Care Act provider screening requirements posted on February 2, 2011. The CMS Final Rule can be found at Federal Register Vol 76 No 22. We estimated the total number of providers required to pay the application fee by multiplying the total number of newly enrolled or reenrolled institutional providers by 20 percent.

We thank the Authority 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

42 Code of Federal Regulations (CFR) 455.460 states:

#### Application fee

- (a) Beginning on or after March 25, 2011, States must collect the applicable application fee prior to executing a provider agreement from a prospective or re-enrolling provider other than either of the following:
  - (1) Individual physicians or non-physician practitioners.
  - (2) (i) Providers who are enrolled in either of the following:
    - (A) Title XVIII of the Act.
    - (B) Another State's title XIX or XXI plan.
  - (ii) Providers that have paid the applicable application fee to
    - (A) A Medicare contractor; or
    - (B) Another State.
- (b) If the fees collected by a State agency in accordance with paragraph (a) of this section exceed the cost of the screening program, the State agency must return that portion of the fees to the Federal government.

**2015-032 The Health Care Authority did not have adequate internal controls over its Medicaid service verification process.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Controls  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) –American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT  
**Applicable Compliance Component:** Special Test and Provisions – Utilization Control and Program Integrity  
**Questioned Cost Amount:** None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

Federal regulations require states to have a process in place to verify with Medicaid clients whether they actually received services billed by providers. The intent is to improve program integrity and identify potential fraud and abuse in the Medicaid program.

The Authority sends medical services verification surveys to a randomly selected number of clients asking if they received certain services. Staff review surveys that are returned and follow up when questions about the legitimacy of a claim arise. Regulations require the Authority to follow up on surveys when clients indicate that they did not receive the service or paid for the service listed out of their own pocket. The Authority must also conduct a preliminary investigation to determine if there is sufficient information to warrant a full investigation.

If credible suspicions of fraud or abuse are identified, the Authority is required to forward that information to the Attorney General’s Office Medicaid Fraud Control Unit for investigation.

In prior audits, we reported findings regarding service verification surveys. The prior finding numbers were: 11-39, 12-54, 13-031, and 2014-039.

We reviewed the Authority's corrective action plan to determine the status of the prior finding. The Authority's plan stated it made arrangements to use professional translation services to follow-up on negative survey responses written in a foreign language.

The completion date of the corrective action was listed as February 2015.

### **Description of Condition**

In fiscal year 2015, the Authority sent out 4,966 medical service verification surveys, of which 1,707 (34 percent) were returned. Three survey responses were received written in a foreign language. The Authority did not translate or review these responses.

In August 2014, we found that rather than translating returned surveys as its corrective action plan stated, the Authority stopped sending verifications to clients whose written language was other than English. We believe this affects the integrity of the Authority's method for performing beneficiary verifications.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

The Authority stated it did not implement the corrective action plan from the 2014 finding to use professional translation services to follow up on negative survey responses written in a foreign language. An Authority manager said the process to implement translation services is costly and involves obtaining approval from management.

### **Effect of Condition**

By not sending out surveys to non-English speaking clients and the lack of adequate follow-up on returned foreign language surveys increases the risk that Medicaid fraud may go undetected and cause the Authority to be out of compliance with federal requirements.

### **Recommendation**

We recommend the Authority strengthen its method for performing beneficiary verifications by surveying all clients and following-up when required by federal regulations.

### **Authority's Response**

*The Authority has resumed sending verifications to clients whose written language is other than English, and now uses professional translation services to follow up on negative survey responses.*

## **Auditor's Concluding Remarks**

We thank the Authority 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

.11 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 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.

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Section 510, Audit findings, states in part:

- (b) *Audit findings reported.* The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - (7) Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with §\_\_.315(b) materially misrepresents the status of any prior audit finding.

Title 42, 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, 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.

42 CFR 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).

**2015-033 The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers and Rural Health Clinics.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed/Unallowed Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$197,774

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures.

The Health Care Authority spent nearly \$7.6 billion in Medicaid funds in fiscal year 2015. The Authority paid more than \$237 million to Federally Qualified Health Centers and \$12 million to Rural Health Clinics.

Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) are “safety net” providers that serve a range of populations, including the uninsured, publicly insured, and the underinsured low-income population, as well as special populations such as migrant seasonal farm workers and homeless people. Both FQHCs and RHCs are certified by Centers for Medicare and Medicaid Services and designed to provide medical help for people in medically-challenged areas.

RHCs are considered the essential source of outpatient care, emergency care and basic lab services in many rural areas. RHCs provide care in rural areas and places which are categorized as Health Professional Shortage Areas or Medically Underserved Areas.

FQHCs provide care for people in rural and urban areas that are classified as Medically Underserved Areas or Medically Underserved Populations. FQHCs offer similar services as RHCs, but with more

comprehensive services that must be made through formal arrangements. Services include; diagnostic and lab, pharmaceutical, behavioral and oral, hospital and specialty, after-hours care, case management, transportation, and interpretative services.

With few exceptions, FQHCs and RHCs are paid based on client encounters. An encounter is defined as a face-to-face visit between a client and a qualified FQHC/RHC that exercises independent judgment when providing services that qualify for an encounter rate. A fixed rate is paid by the Authority regardless of the number or type of procedures provided during the encounter.

When encounter rates are established for each FQHC/RHC, incidental services are factored into the encounter rate. Those services must not be billed separately as a fee-for-service. Services not factored into the encounter rate are paid at the appropriate fee schedule amount as a fee-for-service.

Encounters are limited to one per client, per day except in the following circumstances:

- The client needs to be seen on the same day by different practitioners with different specialties; or
- The client needs to be seen multiple times on the same day due to unrelated diagnoses.

In prior audits, we found that the Authority made improper payments to Federally Qualified Health Centers due to lack of sufficient system edits within its ProviderOne system. Prior finding numbers are 2014-036, 2013-026 and 12-45.

### **Description of Condition**

Using computer assisted auditing techniques, we examined all \$250 million payments made to FQHCs and RHCs and found the Authority made improper payments to FQHC and RHC providers totaling \$303,716.

The following tables summarize the specific results by provider type:

*FQHCs*

Description	Total unallowable payments
Fee-for-service claims were paid in addition to encounter payments.	\$216,640
Encounter payments were made for encounter ineligible claims.	\$ 62,761
More than one encounter payment was made for the same client.	\$ 7,088
<b>Total</b>	<b>\$286,489</b>

*RHCs*

Description	Total unallowable payments
Fee-for-service claims were paid in addition to encounter payments.	\$ 8,569
Encounter payments were made for encounter ineligible claims.	\$ 8,658
<b>Total</b>	<b>\$ 17,227</b>

We also found 18,649 FQHC encounter eligible claims and 4,704 RHC encounter eligible claims were billed and paid at fee-for-service rates to providers. The Authority made underpayments to the providers because most fee-for-service rates are less than encounter rates.

**Cause of Condition**

The Medicaid claim adjudication and payment process is highly automated. The Authority relies heavily on internal controls within its ProviderOne system, Washington’s Medicaid Management Information System, to identify and deny charges that are unallowable or billed improperly.

In response to our prior findings, the Authority stated that it worked on developing new system edits which would better prevent overpayments and improper billings by providers. The new system edits were not fully implemented during the audit period. The Authority informed us that the new edits were implemented in October 2015 which was outside of our audit period.

The unallowable payments represent less than 0.5 percent of total payments. We do not believe the weaknesses in the system represent a significant deficiency or material weakness in internal controls.

## **Effect of Condition and Questioned Costs**

The Authority improperly claimed federal reimbursement for unallowable payments of \$303,716. We are questioning \$197,774, which is the federal portion of the unallowable costs. The federal share is calculated using the state's 2015 FMAP rate assigned per expenditure type.

## **Recommendation**

We recommend the Authority:

- Recoup the overpayments made to FQHCs and RHCs.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Authority's Response**

*As noted by the State Auditor's Office, the Authority has implemented new system edits which will eliminate duplicate payments, and will identify improper billings. The Authority is currently in the process of recouping the unallowable FQHC and RHC payments identified by the State Auditor's Office, with an estimated completion date of June 2016.*

*The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-133 Compliance Supplement for 2013, *Part 3 – Compliance Requirements*, states in part:

#### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment include the following:

1. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements, such as overpayments or underpayments made to eligible recipients resulting from inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments.
2. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
3. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

Washington Administrative Code 182-548-1400, Federally qualified health centers – Reimbursement and limitations, states in part:

- (8) The agency limits encounters to one per client, per day except in the following circumstances:
  - (a) The visits occur with different health care professionals with different specialties; or
  - (b) There are separate visits with unrelated diagnoses.
- (9) FQHC services and supplies incidental to the provider's services are included in the encounter rate payment.

Washington Administrative Code 182-549-1400, Rural health clinics—Reimbursement and limitations, states in part:

- (8) The agency pays for one encounter, per client, per day except in the following circumstances:
  - (a) The visits occur with different health care professionals with different specialties; or
  - (b) There are separate visits with unrelated diagnoses.
- (9) RHC services and supplies incidental to the provider's services are included in the encounter rate payment.

**2015-034 The Health Care Authority did not have adequate internal controls to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Known Questioned Cost Amount:</b>	\$97,425
<b>Likely Questioned Cost Amount:</b>	\$3,526,792

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. The Health Care Authority spent more than \$7.6 billion of the Medicaid funds.

The Medicaid drug program, which began in 1991, is set forth in section 1927 of the Social Security Act. For federal payments to be available for covered outpatient drugs provided under Medicaid, drug manufacturers are required to enter into a rebate agreement with the Secretary of the U.S. Health and Human Services and pay quarterly rebates to states. Under these rebate agreements, manufacturers must provide the Center for Medicare and Medicaid Services (CMS) with the average manufacturer price by national drug code for each of their covered drugs. CMS uses the average manufacturer price and best price data to calculate the unit rebate amount for each national drug code included in the Medicaid drug rebate program and transmits this information to the states.

States calculate the total quarterly rebates that participating manufacturers owe by multiplying the unit rebate amount for a specific drug by the number of units of that drug for which the state reimbursed providers in that quarter. Within 60 days of the end of the quarter, states must invoice the manufacturers for the units reimbursed and indicate the total rebate due for each national drug code. The manufacturers process the invoices and pay the rebates to states within 30 days.

Invoices must reflect only those drugs reimbursed in the reporting period (quarter) and must not include national drug codes paid under:

- Public Health Service drug pricing agreements
- State-funded only general assistance programs; other state-funded only programs; or
- Other federal non-Medicaid funded drug programs

In fiscal year 2015, the Authority invoiced drug manufacturers for drug rebates totaling more than \$406 million, of which \$67 million was for fee for service claims.

In the previous audit, we reported the Authority did not seek reimbursement of \$225,439 for eligible fee for service drug rebate claims, and \$1,048,530 in likely missed eligible claims. The prior finding number was 2014-031.

**Description of Condition**

We found the Authority’s internal controls were not effective to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.

Using a statistical sampling method, we randomly selected 45 fee for service invoices from a population of 1,629 invoices, which were processed during the audit period to determine if they were accurately prepared. The total rebate amount for the 45 invoices was nearly \$4.7 million.

We identified 1,382 claims, totaling \$151,954 that were eligible for a drug rebate but not included in the 45 rebate invoices. As a result, the Authority failed to claim \$194,430 in owed rebates.

The following table summarizes the results of our review:

<b>Eligible claim types not invoiced</b>	<b>Number of claims</b>	<b>Paid amount</b>	<b>Rebate amount</b>
Medicare crossover claims	1,363	\$151,159	\$193,789
Family planning services	11	\$25	\$1
Pharmacy Claims	8	\$771	\$641
<b>Total</b>	<b>1,382</b>	<b>\$151,954</b>	<b>\$194,430</b>

Medicare Crossover Claims are claims submitted by Medicaid providers for Medicare/Medicaid dual eligible beneficiaries. Medicare pays the claim to the provider and applies a deductible/coinsurance or co-pay amount before submitting the claim to Medicaid.

Family Planning services are services relating to preventative health and contraceptive methods provided by Medicaid providers.

Pharmacy claims are claims submitted by pharmacy providers.

We found the Authority failed to claim \$194,430 in rebates for 1,382 claims. We are questioning the federal share of \$97,425, which is calculated using the state's Federal Medicaid Assistance (FMAP) rate.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

The Authority did not identify all eligible drug rebate claims when preparing invoices for the following reasons:

- When the requirement to include Medicare crossover claims took effect in 2008, the Authority intended to ask for a temporary delay in implementation until a new Medicaid Management Information System, ProviderOne, was fully implemented. However, the Authority did not request a formal waiver from CMS at that time and has since not included Medicare crossover claims in drug rebates invoices.
- The Authority incorrectly excluded all claims from Family Planning providers because a majority of the providers were also Public Health Service providers, which were not eligible for drug rebate in that role. In addition, the majority of the claims were for clinic or bulk packaged drugs, which were not eligible for drug rebate.
- The eight pharmacy claims were excluded because the claims were not reported in the drug rebate system timely due to system interface issues.

### **Effect of Condition and Questioned Costs**

By not having adequate internal controls in place to ensure the Authority claims rebate amount for all drug rebate eligible claims, the Authority misses the opportunity to collect potential revenue. We used a statistical sampling method to randomly select the invoices we examined in the audit. When we project the results to the entire population of invoices, we estimate the likely questioned costs to be \$7,038,364.

The federal share of the estimated unclaimed rebates, or likely questioned costs, is \$3,526,792.

### **Recommendation**

We recommend the Authority:

- Implement adequate internal controls to ensure the Authority seeks reimbursement for all eligible professional and outpatient drug rebate claims.
- Review Medicare crossover and Family Planning claims to determine how much in drug rebates should be requested from manufacturers.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

## **Authority's Response**

*The Authority acknowledges that the State Auditor's Office identified groups of claims that were excluded from drug rebate invoicing in error, and appreciates SAO's identification of an issue that, when corrected, will increase Medicaid rebates.*

*To address the crossover claim oversight, staff have identified the steps necessary to include these claims for drug rebate invoicing. Target date for full implementation is July 2016.*

*The Authority developed and implemented an action plan that reversed the Family Planning provider claims exclusion identified in the previous and current audits. The plan was not fully implemented prior to the start of the current audit period, resulting in the questioned costs identified in this finding. This reconfiguration has since been completed, effective December 2015.*

*The eight pharmacy claims described above were identified by HCA during routine monitoring and review and were corrected. SAO reports this error because the identification and correction occurred after June 30. No additional corrective action is necessary.*

*The Authority will ensure that the U.S. Department of Health and Human Services receives a copy of this finding as soon as it is published so that they may begin their process to recover questioned costs.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (b) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

42 U.S. Code 1396r-8. Payment for covered outpatient drugs, states in part:

(b) Terms of rebate agreement

(1) Periodic rebates

(A) In general: A rebate agreement under this subsection shall require the manufacturer to provide, to each State plan approved under this subchapter, a

rebate for a rebate period in an amount specified in subsection (c) of this section for covered outpatient drugs of the manufacturer dispensed after December 31, 1990, for which payment was made under the State plan for such period, including such drugs dispensed to individuals enrolled with a medicaid managed care organization if the organization is responsible for coverage of such drugs. Such rebate shall be paid by the manufacturer not later than 30 days after the date of receipt of the information described in paragraph (2) for the period involved.

(B) Offset against medical assistance: Amounts received by a State under this section (or under an agreement authorized by the Secretary under subsection (a)(1) of this section or an agreement described in subsection (a)(4) of this section) in any quarter shall be considered to be a reduction in the amount expended under the State plan in the quarter for medical assistance for purposes of section 1396b(a)(1) of this title.

## Health Care Authority Medicaid Drug Rebate Policy

### C. PREPARING MEDICAID DRUG REBATE INVOICES

1. No later than 60 days after the end of the calendar quarter, HCA will prepare and transmit an invoice using the CMS-R-144 State Invoice format to each labeler participating in the drug rebate program. HCA will also transmit a copy of form CMS-R-144 to CMS and to the Office of Financial Recovery (OFR).
3. Invoices must reflect only those drugs reimbursed in the reporting period (quarter). Invoices must not include any NDCs paid for under:
  - Public Health Service drug pricing agreements;
  - State-funded only General Assistance programs; Other state-funded only programs; or
  - Other federal non-Medicaid funded drug programs.

**2015-035 The Health Care Authority improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed or Unallowed
<b>Questioned Cost Amount:</b>	\$310,091

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent more than \$11.3 billion in federal and state funds during fiscal year 2015, almost \$7.6 billion of which was spent by the Health Care Authority. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures.

Medicaid providers may not be reimbursed for services provided after a beneficiary’s death. The Authority receives monthly death certificate information from the state Department of Health, which it uses to perform a quarterly cross-check with paid claims. When clients are determined to be deceased, but claims were paid, the Authority initiates a process to recover the overpayments and closes the client’s file.

In the previous audit, we reported the Authority paid providers \$130,980 for services that occurred after a client’s death. The prior finding number was 2014-030.

**Description of Condition**

We examined all Medicaid payments made by the Authority in fiscal year 2015 to determine if the Authority paid for services after a client died. We found 835 claims were paid for services provided after a client’s death.

## **Cause of Condition**

The Authority performs quarterly reviews to detect unallowable Medicaid payments for services provided after a client's death. However, due to timing, the reviews were not effective to detect all unallowable payments during the audit period.

## **Effect of Condition and Questioned Costs**

When the state provides services to ineligible individuals, or the services are unallowable, the services cannot be claimed for federal reimbursement. We found \$347,221 in paid services that occurred after a client's death. We are questioning \$310,091, which is the federal share of the unallowable payments. The federal share is calculated using the state's Federal Medical Assistance Percentage (FMAP) rate. The federal share is 50.3 percent for some services, and 100 percent for others.

The unallowable payments described above includes \$259,865 the Authority processed after the audit period, the federal share of the unallowable expenditures was \$232,209. The Authority recovered the overpayments after June 30, 2015, and provided us with evidence showing adjustments for the unallowable claims have been processed. Because the recovery occurred after the end of the audit period we are reporting the full amount of unallowable payments identified of \$310,091.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

## **Recommendation**

We recommend the Authority:

- Recover the remaining unallowable payments for services provided after the client's death.
- Consult with the U.S. Department of Health and Human Services to discuss if repayment of the questioned costs is required.

## **Authority's Response**

*The majority of the questioned costs identified by the State Auditor's Office (SAO) are routine monthly premiums paid in advance to the managed care organizations the clients were enrolled in. Once a client's death is verified, the Authority recoups the premiums through the normal recoupment process.*

*SAO conducted this test by comparing June 30, 2015 client data to October 2015 Social Security Administration Death Master File. The test was not a test of June 30 records to June 30 death records; it was a test of June 30 records to October death records. The result of the timing difference is that SAO's list of exceptions includes clients who died before June 30, but whose death was not*

*recorded in the Social Security Administration Death Master File until after June 30. SAO cannot determine which of the 835 client deaths were recorded before June 30, and which ones were recorded after June 30.*

*They are, however, holding the Authority responsible for identifying and collecting, before June 30, all payments made on behalf of these clients, including those whose death was recorded after June 30.*

*When provided the list of 835 clients, the Authority could quickly demonstrate that costs had already been recouped totaling \$259,865 for 549 clients. Recoupment was through the normal process. SAO acknowledges this in the finding, but continues to question the costs.*

*The Authority concurs costs had not yet been recouped for the remaining 286 clients. The Authority will recover those costs and will discuss repayment of these costs with the U.S. Department of Health and Human Services.*

*Clearly the Authority's process is working appropriately. We recognize that there will always be a lag in recouping costs resulting in the unavoidable situation where HCA is not able to recoup premiums for deceased clients before the client's death is recorded in state and national databases. The Authority remedies this condition by recouping costs as the death is recorded and therefore becomes known to staff.*

### **Auditor's Concluding Remarks**

We thank the Authority for its cooperation and assistance throughout the audit. We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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

shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-133 Compliance Supplement for 2015, *Part 3 – Compliance Requirements*, states in part:

#### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment include the following:

4. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements, such as overpayments or underpayments made to eligible recipients resulting from inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments.
5. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
6. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. 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.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.

- h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- i. Be the net of all applicable credits.
- j. Be adequately documented.

**2015-036 The Health Care Authority made improper Medicaid payments for clients whose Social Security numbers and citizenship status were not verified and for unallowable non-emergency services.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Eligibility Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$155,033
<b>Likely Questioned Costs:</b>	\$938,309

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$11.3 billion during fiscal year 2015, more than \$7.6 billion of which was spent by the Health Care Authority.

### *Social Security number requirements*

Federal regulations require the Authority to obtain a Social Security number from individuals, including children, who apply for Medicaid. A verification with the Social Security Administration must be performed to ensure the provided number was issued to the individual. The Authority must require individuals apply for a number if they do not have one unless the individual meets certain exemptions. The Authority must verify the age, citizenship or immigration status, and the identity of the applicant.

### *Undocumented individuals and non-emergency services*

Undocumented individuals over the age of 18 and who are not pregnant are not eligible to receive Medicaid benefits, unless they are eligible for care and services related to a qualifying or emergent medical condition. Social Security numbers are not required for undocumented individuals.

Federal law requires states to have an Alien Emergency Medical program that covers medical emergencies for undocumented individuals. The program defines emergency medical conditions as the sudden onset of a medical condition with acute and severe symptoms such that the absence of immediate medical attention could reasonably be expected to result in:

- Placing the patient's health in serious jeopardy
- Serious impairment to bodily functions
- Serious dysfunction of any bodily organ or part

Under Washington's Alien Emergency Medical program, any visit or service not meeting the criteria of an emergency situation is considered unallowable. However, individuals who are in need of kidney dialysis, cancer or tumor treatment or take anti-rejection medication are considered to have met this requirement. This includes, but is not limited to:

- Physical, occupational, speech therapy or audiology services
- Hospital clinic services
- Office or clinic-based services rendered by a physician, an Advanced Registered Nurse Practitioner, or any other licensed practitioner
- Laboratory, radiology, and any other diagnostic testing
- Personal care services
- Waiver services
- Nursing facility services
- Home health services

States can choose to pay for non-emergency services for undocumented individuals using non-Medicaid funds. However, non-emergency related services for pregnant women who are undocumented individuals are covered under Title XXI, Children's Health Insurance Program (CHIP). Emergency related services for undocumented pregnant women, such as labor and delivery, are allowable Medicaid expenses.

### *Medicaid application process*

The Affordable Care Act and Washington's Medicaid State Plan allows applicants to self-attest to having a valid Social Security number and to their citizenship status. Applicants are allowed 90 days to provide evidence of a valid Social Security number, application for a valid Social Security number, proof of citizenship or their pending application for citizenship. The Authority may not

deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's Social Security number or citizenship status during this 90 day period.

In the previous audit, we reported the Authority improperly paid providers \$66,503 with Medicaid funds on behalf of clients who did not have a valid Social Security number. The prior finding number was 2014-029. Additionally, we reported the Authority improperly paid providers \$65,490 with Medicaid funds for non-emergency services provided to undocumented individuals. The prior finding number was 2014-030.

### **Description of Condition**

#### *No Social Security numbers*

Using data mining techniques, we identified and performed tests of payments for the following high-risk populations:

- Clients with no Social Security numbers recorded in ProviderOne, the state's Medicaid claims payment system.
- Clients with a citizenship status of "undocumented alien" in the Medicaid client eligibility system.

In fiscal year 2015, we found payments to providers were made for 8,638 clients who had no Social Security number. Of these clients:

- 515 were categorized as foster or adopted children
- 5,461 were categorized as undocumented individual in the Medicaid eligibility system
- 2,662 were categorized as a citizen, documented individual or another category

From the 515 clients categorized as foster or adopted children, we selected and reviewed a statistically valid sample of 43 to determine if the Authority ensured clients had valid Social Security numbers and properly paid for Medicaid services.

We found Social Security numbers for four clients were not verified when their Medicaid eligibility was initiated. All four clients were determined eligible for Medicaid prior to the Affordable Care Act's effective date of January 1, 2014. Prior to implementation of the Affordable Care Act, the Authority was required to ensure each applicant had a valid Social Security number or applied for one prior to Medicaid eligibility approval. The Authority paid providers \$3,106 for unallowable services provided to these clients during the audit period.

From the 5,461 clients categorized as undocumented individuals in the Medicaid eligibility system, we reviewed services provided for the clients and identified 431 individuals who may have received non-emergency services during the audit period. We selected and reviewed a statistically valid sample of 81 clients and found six instances when undocumented individuals received unallowable, non-emergency services. The Authority paid providers \$29,151 for these services.

For 48 clients, Medicaid eligibility was determined based on self-attested citizenship and Social Security numbers. We found that a verification of these individuals' citizenship and Social Security numbers was not performed in a timely manner. The number of days it took for a verification to take place ranged from 147 to 689 days before the clients were ultimately determined ineligible and removed from the Medicaid program.

Although clients have 90 days to provide evidence of their citizenship status, we used a conservative approach and identified the payments that were made after 120 days to allow for communication between the client and the Authority. We found \$137,241 of unallowable payments to providers for services that occurred more than 120 days after the Authority made eligibility determinations.

From the 2,662 individuals categorized as citizen, documented individual or another, we selected and reviewed a statistically valid sample of 87 clients to determine if the Authority ensured clients had valid Social Security numbers and properly paid for Medicaid services.

We found six clients' citizenship was incorrectly categorized and were undocumented individuals who received non-emergency services. The Authority improperly charged the Medicaid program \$5,421 for non-emergency services. Of this amount, the Authority paid \$2,841 for non-emergency pregnancy services. These expenditures should have been charged to Title XXI, CHIP program.

We also found 14 clients self-attested to their citizenship or Social Security number. We found that a verification of these individuals' citizenship and Social Security numbers was not performed in a timely manner. The number of days it took for a verification to take place ranged from 131 to 500 days before the clients were ultimately determined ineligible and removed from the Medicaid program.

Although clients have 90 days to provide evidence of their citizenship status, we used a conservative approach and identified the payments that were made after 120 days to allow for communication between the client and the Authority. We found \$11,895 of unallowable payments to providers for services that occurred over 120 days after the Authority made eligibility determinations.

#### *Social Security numbers belonging to deceased individuals*

We also matched information from the Social Security Administration with paid Medicaid claims and found 62 clients received Medicaid services under a deceased person's Social Security number in ProviderOne. We reviewed case files for all 62 clients and found most matches were due to input errors or were retained from historical non-Medicaid files. However, we found one undocumented individual received non-emergency services. The Authority improperly charged the Medicaid program \$4,384 for non-emergency services.

We also found Medicaid eligibility for 17 individuals was determined based on self-attested citizenship and Social Security numbers. We found that a verification for these individuals was not performed in a timely manner. The number of days it took for a verification to take place ranged from 158 to 640 days before the clients were ultimately determined ineligible and removed from the Medicaid program. We found \$30,886 of unallowable payments to providers for services that occurred over 120 days after the Authority made eligibility determinations.

## **Cause of Condition**

The Authority has continuously made improvements in its training and monitoring, and maintains adequate Social Security number and citizenship verification procedures. However, it is unable to prevent or detect all unallowable payments.

The Authority has procedures in place to detect unallowable Medicaid payments for services provided to nonqualified individuals. However, the reviews are not in time to prevent or detect all unallowable payments.

## **Effect of Condition and Questioned Costs**

The Authority cannot claim federal reimbursement for unallowable costs provided to ineligible clients. We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

In total, we found the Authority claimed \$222,082 for unallowable Medicaid claims. We are questioning the federal share of \$155,033, which is calculated using the state's Federal Medicaid Assistance (FMAP) rate.

When we project the results of our audit tests performed using statistical sampling to the entire population of payments, we estimate likely questioned costs to be \$1,461,240. The federal share of the likely questioned costs is \$938,309.

## **Recommendation**

We recommend the Authority consult with U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Authority's Response**

*The Authority has terminated eligibility for the 96 identified clients whose citizenship or social security numbers could not be verified.*

*The Authority will also consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Title 42, Code of Federal Regulations, Section 435.910 Use of social security number, states in part:

- (a) [T]he agency must require, as a condition of eligibility, that each individual (including children) seeking Medicaid furnish each of his or her Social Security numbers (SSN). . .
- (e) If an applicant cannot recall his SSN or SSNs or has not been issued a SSN the agency must—
  - (1) Assist the applicant in completing an application for an SSN;
  - (2) Obtain evidence required under SSA regulations to establish the age, the citizenship or alien status, and the true identity of the applicant; and
  - (3) Either send the application to SSA or, if there is evidence that the applicant has previously been issued a SSN, request SSA to furnish the number.
- (f) The agency must not deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by SSA.

- (g) The agency must verify the SSN furnished by an applicant or beneficiary to insure the SSN was issued to that individual, and to determine whether any other SSNs were issued to that individual.

Title 42, Code of Federal Regulations, Section 435.916 Periodic renewal of Medicaid eligibility, states in part, (a)

[T]he eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months[.]

Title 42, Code of Federal Regulations, Section 435.920 Verification of SSNs states:

- (a) In re-determining eligibility, the agency must review case records to determine whether they contain the beneficiary's SSN or, in the case of families, each family member's SSN.
- (b) If the case record does not contain the required SSNs, the agency must require the beneficiary to furnish them and meet other requirements of 435.910.
- (c) For any beneficiary whose SSN was established as part of the case record without evidence required under the SSA regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

Title 45, Code of Federal Regulations, Section 155.315 Verification process related to eligibility for enrollment in a QHP through the Exchange, states in part:

- (b) Validation of Social Security number.
  - (1) For any individual who provides his or her Social Security number to the Exchange, the Exchange must transmit the Social Security number and other identifying information to HHS, which will submit it to the Social Security Administration.
  - (2) To the extent that the Exchange is unable to validate an individual's Social Security number through the Social Security Administration, or the Social Security Administration indicates that the individual is deceased, the Exchange must follow the procedures specified in paragraph (f) of this section, except that the Exchange must provide the individual with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is received for the applicant to provide satisfactory documentary evidence or resolve the inconsistency with the Social Security Administration. The date on which the notice is received means 5 days after the date on the notice, unless the individual demonstrates that he or she did not receive the notice within the 5 day period.

...

- (f) *Inconsistencies.* Except as otherwise specified in this subpart, for an applicant for whom the Exchange cannot verify information required to determine eligibility for enrollment in a QHP through the Exchange, advance payments of the premium tax credit, and cost-sharing reductions, including when electronic data is required in accordance with this subpart but data for individuals relevant to the eligibility determination are not included

in such data sources or when electronic data from IRS, DHS, or SSA is required but it is not reasonably expected that data sources will be available within 1 day of the initial request to the data source, the Exchange:

- (1) Must make a reasonable effort to identify and address the causes of such inconsistency, including through typographical or other clerical errors, by contacting the application filer to confirm the accuracy of the information submitted by the application filer;
- (2) If unable to resolve the inconsistency through the process described in paragraph (f)(1) of this section, must—
  - (i) Provide notice to the applicant regarding the inconsistency; and
  - (ii) Provide the applicant with a period of 90 days from the date on which the notice described in paragraph (f)(2)(i) of this section is sent to the applicant to either present satisfactory documentary evidence via the channels available for the submission of an application, as described in § 155.405(c), except for by telephone through a call center, or otherwise resolve the inconsistency.
- (3) May extend the period described in paragraph (f)(2)(ii) of this section for an applicant if the applicant demonstrates that a good faith effort has been made to obtain the required documentation during the period.
- (4) During the periods described in paragraphs (f)(1) and (f)(2)(ii) of this section, must:
  - (i) Proceed with all other elements of eligibility determination using the applicant's attestation, and provide eligibility for enrollment in a QHP to the extent that an applicant is otherwise qualified; and
  - (ii) Ensure that advance payments of the premium tax credit and cost-sharing reductions are provided on behalf of an applicant within this period who is otherwise qualified for such payments and reductions, as described in § 155.305, if the tax filer attests to the Exchange that he or she understands that any advance payments of the premium tax credit paid on his or her behalf are subject to reconciliation.
- (5) If, after the period described in paragraph (f)(2)(ii) of this section, the Exchange remains unable to verify the attestation, the Exchange must determine the applicant's eligibility based on the information available from the data sources specified in this subpart, unless such applicant qualifies for the exception provided under paragraph (g) of this section, and notify the applicant of such determination in accordance with the notice requirements specified in § 155.310(g), including notice that the Exchange is unable to verify the attestation.
- (6) When electronic data to support the verifications specified in § 155.315(d) or § 155.320(b) is required but it is not reasonably expected that data sources will be available within 1 day of the initial request to the data source, the Exchange must accept the applicant's attestation regarding the factor of eligibility for which the unavailable data source is relevant.

Washington State Medicaid State Plan-Medicaid MAGI Eligibility and Benefits, states in part:

Citizenship and Non-Citizen Eligibility

The state provides Medicaid eligibility to otherwise eligible individuals:

- Who are citizens or nationals of the United States; and
- Who are qualified non-citizens as defined in section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (8 U.S.C. §1641), or whose eligibility is required by section 402(b) of PRWORA (8 U.S.C. §1612(b)) and is not prohibited by section 403 of PRWORA (8 U.S.C. §1613); and
- Who have declared themselves to be citizens or nationals of the United States, or an individual having satisfactory immigration status, during a reasonable opportunity period pending verification of their citizenship, nationality or satisfactory immigration status consistent with requirements of 1903(x), 1137(d), 1902(ee) of the SSA and 42 CFR 435.406, and 956.
  - The reasonable opportunity period begins on and extends 90 days from the date the notice of reasonable opportunity is received by the individual.
  - The agency provides for an extension of the reasonable opportunity period if the individual is making a good faith effort to resolve any inconsistencies or obtain any necessary documentation, or the agency needs more time to complete the verification process.

**2015-037 The Health Care Authority overpaid Medicaid providers for dental services.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$25,945

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. The Health Care Authority spent more than \$7.6 billion of the Medicaid funds.

States are required to provide dental benefits to children covered by Medicaid, and choose whether to provide dental benefits for adults. Medicaid covers dental services for all child enrollees as part of a comprehensive set of benefits, referred to as the Early and Periodic Screening, Diagnostic and Treatment benefit. This benefit provides comprehensive and preventative health care services for children under age 21 and who are enrolled in Medicaid.

The Authority’s Dental-related Services program provides quality dental and dental-related services to eligible Medicaid clients. At a minimum, dental services include relief of pain and infections, restoration of teeth, and maintenance of dental health. In fiscal year 2015, the Authority paid providers nearly \$319 million for dental claims.

The Medicaid claim adjudication and payment process is highly automated. The Authority relies heavily on internal controls within the ProviderOne payment system, Washington’s Medicaid Management Information System, to identify and deny claims when charges are unallowable or billed improperly by dental providers.

In prior audits, we found the Authority overpaid dental providers for unallowable services and recommended the Authority align its Medicaid Dental Provider Guide with Washington Administrative Code (WAC). The Authority implemented changes in response to the audit finding, published in March 2014, which became effective on April 30, 2015. The WAC is now consistent with the Medicaid Provider Guide. The prior audit finding numbers are 2014-033 and 2013-027.

### **Description of Condition**

We selected five specific dental services and used data mining techniques to determine whether the payments made to providers were allowable, based on the requirements existing at the date of service.

#### Prophylaxis (dental cleanings)

In fiscal year 2015, \$16.5 million of Medicaid funds was paid to dental providers for cleanings.

We identified 427 claims totaling \$14,646 paid to providers for dental cleanings that exceeded the allowed number covered by Medicaid. We are questioning \$10,225, which is the federal portion of the unallowable payments.

#### Topical fluoride treatments

In fiscal year 2015, \$11 million of Medicaid funds was paid to dental providers for topical fluoride treatments.

We identified 287 claims totaling \$3,673 paid to providers for fluoride applications that exceeded the allowed number covered by Medicaid. We are questioning \$1,850, which is the federal portion of the unallowable payments.

#### Oral health evaluations

In fiscal year 2015, \$19.5 million of Medicaid funds was paid to dental providers for oral health evaluation services.

We identified 73 claims totaling \$1,802 paid to providers for oral health evaluations that exceeded the allowed number covered by Medicaid. We are questioning \$924, which is the federal portion of the unallowable payments.

#### Oral Hygiene Instruction

In fiscal year 2015, approximately \$273,500 of Medicaid funds was paid to dental providers for oral hygiene instruction services.

We identified 40 claims totaling \$839 paid to providers for oral hygiene instruction services that exceeded the allowed number covered by Medicaid. We are questioning \$260, which is the federal portion of the unallowable payments.

## Family Oral Health Education

In fiscal year 2015, \$2.9 million of Medicaid funds was paid to dental providers for family oral health education services.

We identified 922 claims totaling \$25,359 paid to providers for family oral health education services that exceeded the allowed number covered by Medicaid. We are questioning \$12,686, which is the federal portion of the unallowable payments.

### **Cause of Condition**

We found that some automated controls within ProviderOne did not operate effectively. However, we determined the deficiencies did not constitute a significant deficiency or material weakness in internal controls.

### **Effect of Condition and Questioned Costs**

In total, we found the Authority paid \$46,320 for unallowable dental services. We are questioning \$25,945, which is the federal portion of the unallowable payments.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

### **Recommendation**

We recommend the Authority:

- Recover the \$25,945 in unallowable claims paid to dental providers.
- Consult with the U.S. Department of Health and Human Services to determine what, if any, of the questioned costs should be repaid.

### **Authority's Response**

*The Authority has already begun recouping the unallowable claims paid to dental providers, with an estimated completion date of June 30, 2016.*

*The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.*

### **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines, state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

The OMB Circular A-133 Compliance Supplement (June 2015), *Part 3 – Compliance Requirements*, states in part:

### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal

awards for such payments, and, as applicable, reclaim improper payments. Improper payment means:

1. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments).
2. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
3. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

WAC 182-535-1079 Dental-related services -- General, states in part (effective 5/18/12-4/29/14):

- (1) . . . The agency pays for dental-related services and procedures provided to eligible clients when the services and procedures:
  - (a) Are part of the client's dental benefit package;
  - (b) Are within the scope of an eligible client's medical care program;
  - (c) Are medically necessary;
  - (d) Meet the agency's prior authorization requirements, if any;
  - (e) Are documented in the client's record in accordance with chapter 182-502 WAC;
  - (f) Are within accepted dental or medical practice standards;
  - (g) Are consistent with a diagnosis of dental disease or condition;
  - (h) Are reasonable in amount and duration of care, treatment, or service; and
  - (i) Are listed as covered in the agency's rules and published billing instructions and fee schedules.

WAC 182-535-1079 Dental-related services -- General, states in part (effective 4/30/14):

- (1) . . . The agency pays for dental-related services and procedures provided to eligible clients when the services and procedures:
  - (a) Are part of the client's dental benefit package;
  - (b) Are within the scope of an eligible client's Washington apple health (WAH) program;
  - (c) Are medically necessary;
  - (d) Meet the agency's prior authorization requirements, if any;
  - (e) Are documented in the client's record in accordance with chapter 182-502 WAC;
  - (f) Are within accepted dental or medical practice standards;
  - (g) Are consistent with a diagnosis of dental disease or condition;
  - (h) Are reasonable in amount and duration of care, treatment, or service; and
  - (i) Are listed as covered in the agency's rules and published billing instructions and fee schedules.

WAC 182-535-1080 Covered dental-related services-Diagnostic, states in part (effective 5/18/12-4/29/14):

Clients described in WAC182-535-1060 are eligible to receive the dental-related diagnostic services listed in this section, subject to coverage limitations, restrictions, and client-age requirements identified for a specific service.

- (1) Clinical oral evaluations. The agency covers:
  - (a) Oral health evaluations and assessments.
  - (b) Periodic oral evaluations as defined in WAC 182-535-1050, once every six months. Six months must elapse between the comprehensive oral evaluation and the first periodic oral evaluation.
  - (d) Comprehensive oral evaluations as defined in WAC 182-535-1050, once per client, per provider or clinic, as an initial examination. The agency covers an additional comprehensive oral evaluation if the client has not been treated by the same provider or clinic within the past five years.

WAC 182-535-1080 Dental-related services-Covered-Diagnostic, states in part (effective 4/30/14):

Clients described in WAC 182-535-1060 are eligible to receive the dental-related diagnostic services listed in this section, subject to coverage limitations, restrictions, and client age requirements identified for a specific service.

- (1) Clinical oral evaluations. The agency covers the following oral health evaluations and assessments, per client, per provider or clinic:
  - (a) Periodic oral evaluations as defined in WAC 182-535-1050, once every six months. Six months must elapse between the comprehensive oral evaluation and the first periodic oral evaluation.
  - (c) Comprehensive oral evaluations as defined in WAC 182-535-1050, once per client, per provider or clinic, as an initial examination. The agency covers an additional comprehensive oral evaluation if the client has not been treated by the same provider or clinic within the past five years.

WAC 182-535-1082 Covered dental-related services-Preventative services, states in part (effective 5/18/12-4/29/14):

Clients described in WAC 182-535-1060 are eligible for the dental-related preventive services listed in this section, subject to coverage limitations and client-age requirements identified for a specific service.

- (1) Dental prophylaxis. The agency covers prophylaxis as follows. Prophylaxis:
  - (a) Includes scaling and polishing procedures to remove coronal plaque, calculus, and stains when performed on primary or permanent dentition.
  - (b) Is limited to once every:
    - (i) Six months for clients eighteen years of age and younger; and
    - (ii) Twelve months for clients nineteen years of age and older.

- (c) Is reimbursed only when the service is performed:
    - (i) At least six months after periodontal scaling and root planing, or periodontal maintenance services, for clients from thirteen to eighteen years of age; and
    - (ii) At least twelve months after periodontal scaling and root planing, periodontal maintenance services, for clients nineteen years of age and older.
  - (d) Is not reimbursed separately when performed on the same date of service as periodontal scaling and root planing, periodontal maintenance, gingivectomy, or gingivoplasty.
  - (e) Is covered for clients of the division of developmental disabilities according to (a), (c), and (d) of this subsection and WAC 182-535-1099.
- (2) Topical fluoride treatment. The agency covers:
- (a) Fluoride rinse, foam or gel, including disposable trays, for clients six years of age and younger, up to three times within a twelve-month period.
  - (b) Fluoride rinse, foam or gel, including disposable trays, for clients from seven to eighteen years of age, up to two times within a twelve-month period.
  - (c) Fluoride rinse, foam or gel, including disposable trays, up to three times within a twelve-month period during orthodontic treatment.
  - (d) Fluoride rinse, foam or gel, including disposable trays, for clients from nineteen to sixty-four years of age, once within a twelve-month period.
  - (e) Fluoride rinse, foam or gel, including disposable trays, for clients sixty-five years of age and older who reside in alternate living facilities, up to three times within a twelve-month period.
  - (f) Additional topical fluoride applications only on a case-by-case basis and when prior authorized.
  - (g) Topical fluoride treatment for clients of the division of developmental disabilities according to WAC 182-535-1099.
- (3) Oral hygiene instruction. The agency covers:
- (a) Oral hygiene instruction only for clients eight years of age and younger.
  - (b) Oral hygiene instruction, no more than once every six months, up to two times within a twelve-month period.
  - (c) Individualized oral hygiene instruction for home card to include tooth brushing technique, flossing, and use of oral hygiene aides.
  - (d) Oral hygiene instruction only when not performed on the same date of service as prophylaxis.
  - (e) Oral hygiene instruction only when provided by a licensed dentist or a licensed dental hygienist and the instruction is provided in a setting other than a dental office or clinic.

WAC 182-535-1082 Dental-related services-Covered-Preventative services, states in part (effective 4/30/14):

Clients described in WAC 182-535-1060 are eligible for the dental-related preventive services listed in this section, subject to coverage limitations and client-age requirements identified for a specific service.

- (1) Dental prophylaxis. The agency covers prophylaxis as follows. Prophylaxis:
  - (a) Includes scaling and polishing procedures to remove coronal plaque, calculus, and stains when performed on primary or permanent dentition.
  - (b) Is limited to once every:
    - (i) Six months for clients eighteen years of age and younger;
    - (ii) Twelve months for clients nineteen years of age and older; or
    - (iii) Four months for a client residing in a nursing facility.
  - (c) Is reimbursed only when the service is performed:
    - (i) At least six months after periodontal scaling and root planing, or periodontal maintenance services, for clients from thirteen to eighteen years of age;
    - (ii) At least twelve months after periodontal scaling and root planing, periodontal maintenance services, for clients nineteen years of age and older; or
    - (iii) At least six months after periodontal scaling and root planing, or periodontal maintenance services for clients who reside in a nursing facility.
  - (d) Is not reimbursed for separately when performed on the same date of service as periodontal scaling and root planing, periodontal maintenance, gingivectomy, or gingivoplasty.
  - (e) Is covered for clients of the developmental disabilities administration of the department of social and health services (DSHS) according to (a), (c), and (d) of this subsection and WAC 182-535-1099.
- (2) Topical fluoride treatment. The agency covers the following per client, per provider or clinic:
  - (a) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients six years of age and younger, up to three times within a twelve-month period.
  - (b) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients from seven through eighteen years of age, up to two times within a twelve-month period.
  - (c) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, up to three times within a twelve-month period during orthodontic treatment.
  - (d) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients nineteen years of age and older, once within a twelve-month period.
  - (e) Fluoride rinse, foam or gel, fluoride varnish, including disposable trays, for clients who reside in alternate living facilities as defined in WAC 182-513-1301, up to three times within a twelve-month period.
  - (f) Additional topical fluoride applications only on a case-by-case basis and when prior authorized.
  - (g) Topical fluoride treatment for clients of the developmental disabilities administration of DSHS according to WAC 182-535-1099.
- (3) Oral hygiene instruction. Includes individualized instruction for home care such as tooth brushing technique, flossing, and use of oral hygiene aids. The agency covers oral hygiene instruction as follows:
  - (a) For clients eight years of age and younger. For clients nine years of age and older, oral hygiene instruction is included as part of the global fee for oral prophylaxis.

- (b) Once every six months, up to two times within a twelve-month period.
- (c) Only when not performed on the same date of service as prophylaxis.
- (d) Only when provided by a licensed dentist or a licensed dental hygienist and the instruction is provided in a setting other than a dental office or clinic.

WAC 182-535-1099 Covered dental-related services for clients of the division of developmental disabilities, states in part (effective 5/18/12-4/29/14):

Subject to coverage limitations, restrictions, and client-age requirements identified for a specific service, the agency pays for the dental-related services listed under the categories of services in this section that are provided to clients of the division of developmental disabilities. This chapter also applies to clients of the division of developmental disabilities, regardless of age, unless otherwise stated in this section.

(1) Preventive services.

- (a) Dental prophylaxis. The agency covers dental prophylaxis or periodontal maintenance up to three times in a twelve-month period (see subsection (3) of this section for limitations on periodontal scaling and root planing).
- (b) Topical fluoride treatment. The agency covers topical fluoride varnish, rinse, foam or gel, up to three times within a twelve-month period.

WAC 182 535-1099 Dental-related services for clients of the developmental disabilities administration of the department of social and health services, states in part (effective 4/30/14):

Subject to coverage limitations, restrictions, and client-age requirements identified for a specific service, the agency pays for the dental-related services listed under the categories of services in this section that are provided to clients of the developmental disabilities administration of the department of social and health services (DSHS). This chapter also applies to clients any age of the developmental disabilities administration of DSHS, unless otherwise stated in this section.

(1) Preventive services.

- (a) Periodic oral evaluations. The agency covers periodic oral evaluations up to three times in a twelve-month period.
- (b) Dental prophylaxis. The agency covers dental prophylaxis or periodontal maintenance up to three times in a twelve-month period (see subsection (3) of this section for limitations on periodontal scaling and root planing).
- (c) Topical fluoride treatment. The agency covers topical fluoride varnish, rinse, foam or gel, up to three times within a twelve-month period, per client, per provider or clinic.

WAC 182-535-1245 Access to baby and child dentistry (ABCD) program, states in part (effective 7/1/11-4/29/14):

The access to baby and child dentistry (ABCD) program is a program established to increase access to dental services for medicaid-eligible clients ages five and younger...

- (3) The department pays enhanced fees only to ABCD-certified dentists and other department-approved certified providers for furnishing ABCD program services. ABCD program services include, when appropriate:
  - (a) Family oral health education. An oral health education visit:
    - (i) Is limited to one visit per day per family, up to two visits per child in a twelve-month period, per provider or clinic;

WAC 182-535-1245 Access to baby and child dentistry (ABCD) program, states in part (effective 4/30/14)

The access to baby and child dentistry (ABCD) program is a program established to increase access to dental services for medicaid-eligible clients ages five and younger. . .

- (3) The agency pays enhanced fees only to ABCD-certified dentists and other agency-approved certified providers for furnishing ABCD program services. ABCD program services include, when appropriate:
  - (a) Family oral health education. An oral health education visit:
    - (i) Is limited to one visit per day per family, up to two visits per child in a twelve-month period, per provider or clinic.

**2015-038 The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) - American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed/Unallowed Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$33,205

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent more than \$11.3 billion in federal and state funds during fiscal year 2015, almost \$7.6 billion of which was spent by the Health Care Authority. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures.

Medicaid in-patient hospital services are predominantly paid based on Diagnosis-Related Group (DRG) - based prospective payments or a set amount of dollars per day of inpatient stay (per-diem). DRG and per-diem payment amounts are calculated based on the inpatient hospital payment rates and the claim specific DRG relative weight for each hospital in effect on the date of admission. The Authority establishes inpatient rates based on hospital cost information.

High outlier payments are supplemental payments approved by the Centers for Medicare and Medicaid Services to compensate hospitals for unusually expensive cases where the cost of care is extraordinarily high in relation to the average cost of treating comparable conditions or illnesses. The actual determination of whether a case qualifies for an outlier payment takes into account both operating and capital costs and DRG payments. High outlier payments are calculated using an adjustment factor effective on the date of admission.

To qualify as a high outlier claim, the estimated costs of the inpatient claim must be above the outlier threshold in effect for the date of admission.

The portion of the estimated claim costs that exceeds the outlier threshold is eligible to receive a high outlier payment. The final payment amount is determined by multiplying the estimated cost above the threshold with the outlier adjustment factor. The high outlier payments are automatically calculated in ProviderOne, the state's Medicaid Management Information System.

In fiscal year 2015, the Authority paid approximately \$53 million for 741 in-patient high-outlier supplemental payments.

In prior audits, we found that the Authority made improper high outlier payments to hospitals. The Authority included denied services when determining high outlier payments because state law did not specify that the denied services should be excluded. The Authority also did not ensure rate changes were applied to all eligible inpatient claims. In response to our prior audit findings, the Authority revised the state law and also changed calculation rules in ProviderOne to specifically exclude denied services in the calculation of high outlier payments to hospitals for claims with admission dates on or after July 1, 2014. Also, the outlier threshold was changed from using a specific outlier criteria percentage effective for the date of admission to a flat amount of \$40,000. The prior finding numbers are 2014-032 and 2013-023.

### **Description of Condition**

Using data mining techniques we identified 60 high outlier claims paid during the audit period, that contained denied charges when client admission dates were before July 1, 2014.

After consulting with Authority staff, we confirmed the denied charges were improperly included in the calculation of the 60 claims, which resulted in overpayments totaling \$42,563.

### **Cause of Condition**

During the audit period, state law was amended and calculation rules in ProviderOne were changed - specifically for the exclusion of denied charges. However, the changes were applicable only to claims with admission dates after July 1, 2014.

### **Effect of Condition and Questioned Costs**

The Authority made improper inpatient high outlier payments to hospitals totaling \$42,563. We are questioning \$33,205, which is the federal portion of the unallowable costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Authority:

- Ensure denied services are removed prior to calculating high outlier payments.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.

## **Authority's Response**

*As acknowledged by the State Auditor's Office, the Authority corrected both the WAC and the ProviderOne system in July 2014. The State Auditor's Office tested claims with admission dates after July 1, 2014, and confirmed that those claims were paid correctly. The claims in question have admission dates prior to July 1, 2014; WAC and ProviderOne system changes do not apply retroactively.*

*The Authority will consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

42 CFR 412.80, Outlier cases: General provisions, (a) Basic rule, states in part:

- (3) *Discharges occurring on or after October 1, 2001.* For discharges occurring on or after October 1, 2001, except as provided in paragraph (b) of this section concerning transfers, CMS provides for additional payment, beyond standard DRG payments and beyond additional payments for new medical services or technology specified in §§412.87 and 412.88, to a hospital for covered inpatient hospital services furnished to a Medicare beneficiary if the hospital's charges for covered services, adjusted to operating costs and capital costs by applying cost-to-charge ratios as described in §412.84(h), exceed the DRG payment for the case (plus payments for indirect costs of graduate medical education (§412.105), payments for serving a disproportionate share of low-income patients (§412.106), and additional payments for new medical services or technologies) plus a fixed dollar amount (adjusted for geographic variation in costs) as specified by CMS.

42 CFR 412.84, Payment for extraordinarily high-cost cases (cost outliers), states in part:

- (a) A hospital may request its intermediary to make an additional payment for inpatient hospital services that meet the criteria established in accordance with §412.80(a).
- (b) The hospital must request additional payment—
  - (1) With initial submission of the bill; or
  - (2) Within 60 days of receipt of the intermediary's initial determination.
- (c) Except as specified in paragraph (e) of this section, an additional payment for a cost outlier case is made prior to medical review.
- (d) As described in paragraph (f) of this section, the QIO reviews a sample of cost outlier cases after payment. *The charges for any services identified as noncovered* through this review are denied and any outlier payment made for these services are recovered, as appropriate, after a determination as to the provider's liability has been made.

WAC 182-550-3700 (previous version), DRG high-cost and low-cost outliers, and new system DRG and per diem high outliers, states in part:

- (14) For dates of admission on and after August 1, 2007, the department allows a high outlier payment for claims paid using the DRG payment method when high outlier qualifying

criteria are met. The estimated costs of the claim are calculated by multiplying the total submitted charges, *minus the noncovered charges on the claim*, by the hospital's ratio of costs-to-charges (RCC) rate. The department identifies a DRG high outlier claim based on the claim's estimated costs. To qualify as a DRG high outlier claim, the department's estimated costs for the claim must be greater than both the fixed outlier cost threshold of fifty thousand dollars, and one hundred seventy-five percent of the applicable base DRG allowed amount for payment. These criteria are also used to determine if a transfer claim qualifies for high outlier payment when a transfer claim is submitted to the department by a transferring hospital.

WAC 182-550-3700 (Current Version) DRG high outliers, states in part:

- (1) The agency identifies a diagnosis-related group (DRG) high outlier claim based on the claim's estimated costs. The agency allows a high outlier payment for claims paid using the DRG payment method when high outlier criteria are met.
  - (a) To qualify as a DRG high outlier claim, the estimated costs for the claim must be greater than the outlier threshold effective for the date of admission...
  - (b) The agency calculates the estimated costs of the claim by multiplying the total submitted charges, *minus the nonallowed charges on the claim*, by the hospital's ratio of costs-to-charges (RCC).
  - (c) When a transferring hospital submits a transfer claim to the agency, the high outlier criteria used to determine whether the claim qualifies for high outlier payment is the DRG allowed amount for the claim before the transfer payment reduction.
- (2) The agency calculates the high outlier payment by multiplying the hospital's estimated cost above threshold (CAT) by the outlier adjustment factor. The outlier adjustment factors, which vary by dates of admission and inpatient payment policy, are depicted in the table at the end of this subsection.
  - (a) For inpatient claims paid under the all-patient-diagnosis-related group (AP-DRG), the agency uses a separate outlier adjustment factor for:
    - (i) Pediatric services, including all claims submitted by children-specialty hospitals;
    - (ii) Burn services; and
    - (iii) Nonpediatric services.
  - (b) For inpatient claims paid under the all-patient refined-DRG (APR-DRG), the agency uses a separate outlier adjustment factor for a:
    - (i) Severity of illness (SOI) of one or two; or
    - (ii) SOI of three or four...
- (3) For state-administered programs (SAP), the agency applies the hospital-specific ratable to the outlier adjustment factor...

WAC 182-550-1050 Hospital services definitions contains:

"Nonallowed service or charge" - A service or charge billed by the provider as noncovered or denied by the agency. This service or charge cannot be billed to the client except under the conditions identified in WAC 182-502-0160.

**2015-039 The Health Care Authority did not have adequate internal controls to ensure Children’s Health Insurance Program federal funds were properly claimed as eligible Medicaid expenditures.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
	93.778 Medical Assistance Program (Medicaid; Title XIX)
	93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Known Questioned Cost Amount:</b>	\$76
<b>Likely Questioned Cost Amount:</b>	\$1,309,902

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$11.3 billion during fiscal year 2015. The Health Care Authority spent more than \$7.6 billion of the Medicaid funds.

In Washington, Medicaid and the Children’s Health Insurance Program (CHIP) provides medical assistance for children up to 19 years of age who reside in low-income households. Both programs are jointly funded by the state and federal government. The state is reimbursed approximately 65 percent for CHIP expenditures and 50 percent for Medicaid expenditures.

Medicaid expenditures for children whose family income equals or exceeds 133 percent of the federal poverty level but does not exceed the Medicaid applicable income level are eligible for additional CHIP funding. If the Medicaid costs have already been claimed and reimbursed, the state submits a claim for the difference between the CHIP and Medicaid rates.

The Authority identifies the Medicaid expenditures eligible for additional CHIP funding by comparing eligible client data and Medicaid fee-for-service and managed care payment information.

In state fiscal year 2015, the Authority claimed more than \$30.8 million in CHIP funds based on the eligibility of children in the Medicaid program.

In the previous audit, we reported the Authority improperly claimed \$17,397. The prior finding number was 2014-037.

### **Description of Condition**

We found the Authority's internal controls were not effective to ensure additional CHIP funds were claimed only for eligible Medicaid expenditures.

During the audit period, the Authority performed data matches to identify Medicaid expenditures eligible for additional CHIP funding for four quarters of state fiscal year 2014. We selected the first three quarters and obtained all fee-for-service and managed care payments for which the Authority claimed additional CHIP funds.

To determine if payments were eligible for additional CHIP funding we selected a random sample of 135 payments, totaling approximately \$8,002, from a total population of 2,395,451 payments that totaled \$20,777,055.

We found 11 payments, totaling \$511, were not eligible for additional CHIP funds. As a result, the Authority incorrectly claimed \$76 in CHIP funds. This amount was calculated by using 15 percent which was the difference between the CHIP and Medicaid rate.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

The Authority did not have an adequate review process to ensure the CHIP funds were claimed for eligible expenditures.

The Authority could not determine why the errors occurred in the processing of the 11 ineligible CHIP claims. The Authority believes the errors might have occurred during conversion of client files from an old eligibility system to its current eligibility system. During this conversion period there were changes in Medicaid eligibility income standards as well as the methodology for verifying eligibility which may have allowed these 11 claims to process through incorrectly.

### **Effect of Condition and Questioned Costs**

By not having adequate internal controls in place to ensure additional CHIP funds are only requested for allowable expenses, the Authority is at a higher risk for improper claims of federal funds. We used a statistical sampling method to randomly select the payments we examined in the audit. When we project the results to the entire population of payments, we estimate the likely questioned costs to be \$1,309,902.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

## **Recommendation**

We recommend the Authority:

- Establish adequate internal controls to ensure CHIP funds are properly claimed for eligible expenditures.
- Consult with the U.S. Department of Health and Human Services to discuss what, if any, of the questioned costs should be repaid.

## **Authority's Response**

*The work performed by the State Auditor's Office highlights a process issue that caused eligibility determination errors to occur during the conversion to the Affordable Care Act. The Authority will review and amend the eligibility determination process to prevent those errors from recurring, and will ensure that prior errors are corrected.*

*The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (c) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

42 U.S.Code §1397ee Payments, states in part:

(g) Authority for qualifying states to use certain funds for Medicaid expenditures. -

(1) State option.—

(A) In general.—Notwithstanding any other provision of law subject to paragraph (4), a qualifying State (as defined in paragraph (2)) may elect to use not more than 20 percent of any allotment under section 1397dd of this title for fiscal year 1998, 1999, 2000, 2001, 2004, 2005, 2006, 2007, or 2008 (insofar as it is available under subsections (e) and (g) of such section) for payments under subchapter XIX of this chapter in accordance with subparagraph (B), instead of for expenditures under this subchapter .

(B) Payments to states.—

(i) In In general.—In the case of a qualifying State that has elected the option described in subparagraph (A), subject to the availability of funds under such subparagraph with respect to the State, the Secretary shall pay the State an amount each quarter equal to the additional amount that would have been paid to the State under subchapter XIX of this chapter with respect to expenditures described in clause (ii) if the enhanced FMAP (as determined under subsection (b) of this section) had been substituted for the Federal medical assistance percentage (as defined in section 1396d(b) of this title).

(ii) Expenditures described.—For purposes of this subparagraph, the expenditures described in this clause are expenditures, made after August 15, 2003, and during the period in which funds are available to the qualifying State for use under subparagraph (A), for medical assistance under subchapter XIX of this chapter to individuals who have not attained age 19 and whose family income exceeds 150 percent of the poverty line.

(iii) No impact on determination of budget neutrality for waivers.—In the case of a qualifying State that uses amounts paid under this subsection for expenditures described in clause (ii) that are incurred under a waiver approved for the State, any budget neutrality determinations with respect to such waiver shall be determined without regard to such amounts paid.

(2) Qualifying state.—In this subsection, the term “qualifying State” means a State that, on and after April 15, 1997, has an income eligibility standard that is at least 184 percent of the poverty line with respect to any 1 or more categories of children (other than infants) who are eligible for medical assistance under section [1396a\(a\)\(10\)\(A\)](#) of this title or, in the case of a State that has a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first

implemented on August 1, 1994, or July 1, 1995, has an income eligibility standard under such waiver for children that is at least 185 percent of the poverty line, or, in the case of a State that has a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first implemented on January 1, 1994, has an income eligibility standard under such waiver for children who lack health insurance that is at least 185 percent of the poverty line, or, in the case of a State that had a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that was first implemented on October 1, 1993, had an income eligibility standard under such waiver for children that was at least 185 percent of the poverty line and on and after July 1, 1998, has an income eligibility standard for children under section [1396a\(a\)\(10\)\(A\)](#) of this title or a statewide waiver in effect under section 1315 of this title with respect to subchapter XIX of this chapter that is at least 185 percent of the poverty line.

- (3) Construction.—Nothing in paragraphs (1) and (2) shall be construed as modifying the requirements applicable to States implementing State child health plans under this subchapter.
- (4) Option for allotments for fiscal years 2009 through 2015.—
  - (A) Payment of enhanced portion of matching rate for certain expenditures.—In the case of expenditures described in subparagraph (B), a qualifying State (as defined in paragraph (2)) may elect to be paid from the State’s allotment made under section 1397dd of this title for any of fiscal years 2009 through 2015 (insofar as the allotment is available to the State under subsections (e) and (m) of such section) an amount each quarter equal to the additional amount that would have been paid to the State under subchapter XIX with respect to such expenditures if the enhanced FMAP (as determined under subsection (b)) had been substituted for the Federal medical assistance percentage (as defined in section [1396d\(b\)](#) of this title).
  - (B) Expenditures described.—For purposes graph (A), the expenditures described in this subparagraph are expenditures made after February 4, 2009, and during the period in which funds are available to the qualifying State for use under subparagraph (A), for the provision of medical assistance to individuals residing in the State who are eligible for medical assistance under the State plan under subchapter XIX or under a waiver of such plan and who have not attained age 19 (or, if a State has so elected under the State plan under subchapter XIX, age 20 or 21), and whose family income equals or exceeds 133 percent of the poverty line but does not exceed the Medicaid applicable income level.

**2015-040 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Provider Eligibility
<b>Questioned Cost Amount:</b>	\$26,138
<b>Likely Questioned Cost Amount:</b>	\$3,254,863

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.73 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

Almost \$3.8 billion of Medicaid funds was spent by the Department of Social and Health Services. In fiscal year 2015 the Department paid approximately \$184 million to more than 18,000 individual in-home service providers.

Medicaid is the primary funding source for long-term care providers. The Medicaid Home and Community Based Services program permits states to furnish long-term care services to Medicaid beneficiaries in home and community settings. These services are provided in the client's home by individuals or agencies often chosen by the Medicaid client or the client's legal representative.

All individual providers must meet basic qualifications to provide services to Medicaid clients. They must be at least 18 years old, authorized to work in the United States and meet the Department's minimum training requirements.

In addition, individual providers must successfully complete a state background check every two years, and effective January 8, 2012, all new contracted providers or applicants who have not lived in Washington for three consecutive years must also complete a national fingerprint background check

The Department's Secretary establishes a list of crimes that automatically disqualify individuals from serving vulnerable clients. The list is referred to as "the Secretary's List." Individuals that commit crimes on the Secretary's List are automatically prohibited from "*licensing, contracting, certification, or from having unsupervised access to children, vulnerable adults or to individuals with a developmental disability.*"

If an individual is found to have committed a crime not on the Secretary's List, they are not automatically disqualified. The Department must perform a character, competence and suitability review to assess and determine if the provider may have unsupervised access to clients.

In prior audits we reported the Department did not ensure providers completed background checks before providing services to Medicaid clients. The prior finding numbers were 2014-049, 13-40, 12-41, and 11-34.

### **Description of Condition**

During fiscal year 2015, more than 65 percent of all Medicaid payments for in-home care services were made to individual providers contracted by the Department.

We randomly selected 145 Community Options Program Entry System (COPES) individual providers from a total population of 18,621 who provided in-home care services during fiscal year 2015 to ensure that:

- A proper background check had been completed within the last two years.
- Staff with criminal records that were not listed on the Secretary's List of Automatically Disqualifying Convictions and Pending Charges passed a Character, Competence and Suitability (CCS) Review permitting them to work unsupervised with vulnerable adults.
- No individuals with disqualifying crimes listed on the Secretary's List were employed at the time of the audit, or during the month(s) in which they worked.
- The entire period in which the provider had access to Medicaid clients was covered by a Washington State background check.

We found one provider worked for one month with a Medicaid client without a current background check.

We also found the Department did not have adequate internal controls to ensure character, competence and suitability reviews were completed and documented to ensure providers with criminal records were eligible to provide unsupervised in-home care to vulnerable adults. We examined records for 51 providers with criminal records and found six instances (11 percent) when there was no documented evidence an individuals' character review was performed.

We consider this internal control weakness to constitute a significant deficiency.

**Cause of Condition**

The Department has adequate procedures in place to materially ensure individual providers meet background check requirements.

However, in one instance, the Department did not confirm that a provider background check was completed every two years as required by state rules. In addition the Department did not adequately monitor its contracted providers to ensure all providers received a character, competence, and suitability review allowing them unsupervised access to vulnerable clients.

**Effect of Condition and Questioned Costs**

Providers who do not meet the background check requirement are not eligible to provide services to Medicaid clients. Any payments made by the Department to ineligible providers are unallowable.

A statistical sampling method was used to randomly select the providers we examined in the audit. When we project the results of the audit to the entire population of 18,621 COPES individual providers, we estimate the amount of unallowable payments to be \$6,505,822.

The following table summarizes the unallowable payments we identified in the audit by condition:

<b>Condition</b>	<b>Number of Providers</b>	<b>Total Unallowable Payments</b>	<b>Likely Unallowable Payments</b>
Providers working without a background check	1	\$1,312	\$168,526
Providers with criminal records who worked without documented evidence of a character, competence, and suitability review	6	\$50,943	\$6,337,296
<b>TOTAL</b>	<b>7</b>	<b>\$52,255</b>	<b>\$6,505,822</b>

We are questioning \$3,254,863, which is the federal share of the unallowable payments. The federal share is calculated using the state’s 2015 Federal Medical Assistance Percentage (FMAP) rate of 50.03 percent.

We question costs when we find an agency has not complied with state or federal regulations, and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Strengthen its monitoring of contracted providers with criminal histories to ensure character, competence, and suitability reviews are completed and adequately documented.
- Follow-up on background check results and ensure ineligible providers do not have access to vulnerable Medicaid clients.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*The Department partially agrees with this finding.*

*While we agree one provider worked for one month with a Medicaid client without a current background check and six providers with criminal records worked with Medicaid clients without documented evidence of a renewed character, competence, and suitability (CCS) review, we disagree the six providers should be tied to questioned costs.*

*These six providers had no disqualifying crimes at any point in their employment. They were subjected to an initial CCS review during the contracting process. There is no RCW or WAC that states that an individual provider becomes unqualified if a new CCS review is not completed at each bi-annual background check when there are no new crimes and they care for the same client, which is the case for these six providers.*

*The Department will continue to strengthen processes to ensure CCS reviews are completed and adequately documented. Clarification to field offices was issued via management bulletin on March 30, 2015, providing clear direction on required forms and frequency of completion for CCS reviews in response to requests from the field.*

*Annually, the Assisted Long-Term Services Administration's Quality Assurance (QA) unit selects a sample of individual provider files for monitoring at each field office and reviews the files for background checks. In 2015, a total of 386 files were reviewed by the QA unit. In addition to these reviews, field office supervisors are required to complete quality assurance reviews on individual provider files. In 2015, a total of 1,293 files were reviewed by supervisors. Overall, internal quality assurance reviews showed a 97% proficiency. This process will continue and will assist us in evaluating our policies and processes for potential changes.*

*The Department will also work to strengthen reports for field staff and future ProviderOne enhancements.*

*Thank you for the opportunity to improve our processes for individual provider background checks. The Department values the safety of clients and has implemented policies to ensure that providers are qualified and clients are protected from harm. Our internal policies are set up to ensure a high level of quality review, exceeding standards put forth in RCW or WAC. This audit provided us with the*

*opportunity to review these standards in the context of our internal policies.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We acknowledge the corrective measures taken by the Department during previous audits, as well as the positive results from the Aging and Long-Term Support Administration's most recent quality assurance reviews. Our Office considers the overall health and safety of Medicaid clients a significant factor in evaluating provider eligibility.

The Department's policies and procedures specify reviews of current background check information, as well as references to previous character, competence and suitability determinations must be documented when considering the continuing eligibility of providers. This specific language ultimately led our Office to include these six providers in the finding.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

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  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
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Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

RCW 74.39A.056, Criminal history checks on long-term care workers, states:

- (1) (a) All long-term care workers shall be screened through state and federal background checks in a uniform and timely manner to verify that they do not have a criminal history that would disqualify them from working with vulnerable persons. The department must perform criminal background checks for individual providers and prospective individual providers and make the information available as provided by law.
  - (a) (i) Except as provided in (b)(ii) of this subsection, for long-term care workers hired after January 7, 2012, the background checks required under this section shall include checking against the federal bureau of investigation fingerprint identification records system and against the national sex offenders registry or their successor programs. The department shall require these long-term care workers to submit fingerprints for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. The department shall not pass on the cost of these criminal background checks to the workers or their employers.
  - (ii) This subsection does not apply to long-term care workers employed by community residential service businesses until January 1, 2016.
- (b) The department shall share state and federal background check results with the department of health in accordance with RCW 18.88B.080.
- (2) No provider, or its staff, or long-term care worker, or prospective provider or long-term care worker, with a stipulated finding of fact, conclusion of law, an agreed order, or finding of fact, conclusion of law, or final order issued by a disciplining authority or a court of law or entered into a state registry with a final substantiated finding of abuse, neglect, exploitation, or abandonment of a minor or a vulnerable adult as defined in chapter 74.34 RCW shall be employed in the care of and have unsupervised access to vulnerable adults.
- (3) The department shall establish, by rule, a state registry which contains identifying information about long-term care workers identified under this chapter who have final substantiated findings of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult as defined in RCW 74.34.020. The rule must include disclosure, disposition of findings, notification, findings of fact, appeal rights, and fair hearing

requirements. The department shall disclose, upon request, final substantiated findings of abuse, neglect, financial exploitation, or abandonment to any person so requesting this information. This information must also be shared with the department of health to advance the purposes of chapter 18.88B RCW.

(4) The department shall adopt rules to implement this section.

WAC 388-71-0510, "How does a person become an individual provider?" states:

In order to become an individual provider, a person must:

- (1) Be eighteen years of age or older;
- (2) Provide the social worker/case manager/designee with:
  - (a) A valid Washington state driver's license or other valid picture identification; and either
  - (b) A Social Security card; or
  - (c) Proof of authorization to work in the United States.
- (3) Complete the required DSHS form authorizing a background check;
- (4) Disclose any criminal convictions and pending charges, and also disclose civil adjudication proceedings and negative actions as those terms are defined in WAC 388-71-0512;
- (5) Effective January 8, 2012, be screened through Washington state's name and date of birth background check. Preliminary results may require a thumb print for identification purposes.
- (6) Effective January 8, 2012, be screened through the Washington state and national fingerprint-based background check, as required by RCW 74.39A.056.
- (7) Results of background checks are provided to the department and the employer or potential employer unless otherwise prohibited by law or regulation for the purpose of determining whether the person:
  - (a) Is disqualified based on a disqualifying criminal conviction, a pending charge for a disqualifying crime as listed in WAC 388-113-0020, civil adjudication proceeding, or negative action as defined in WAC 388-71-0512 and 388-71-0540; or
  - (b) Should or should not be employed as an individual provider based on his or her character, competence, and/or suitability.
- (8) For those providers listed in RCW 43.43.837 (1), a second Washington state and national fingerprint-based background check is required if they have lived out of the state of Washington since the first national fingerprint-based background check was completed.
- (9) The department may require an individual provider to have a Washington state name and date of birth background check or a Washington state and national fingerprint-based background check, or both, at any time.
- (10) Sign a home and community-based service provider contract/agreement to provide personal care services to a person under a medicaid state plan or federal waiver such as COPES or other waiver program.

WAC 388-71-0513 Is a background check required of a long-term care worker employed by a home care agency licensed by the department of health?

In order to be a long-term care worker employed by a home care agency, a person must:

- (1) Complete the required DSHS form authorizing a background check.
- (2) Disclose any disqualifying criminal convictions and pending charges as listed in WAC [388-113-0020](#), and also disclose civil adjudication proceedings and negative actions as those terms are defined in WAC [388-71-0512](#).
- (3) Effective January 8, 2012, be screened through Washington state's name and date of birth background check. Preliminary results may require a thumb print for identification purposes.
- (4) Effective January 8, 2012, be screened through the Washington state and national fingerprint-based background check, as required by RCW [74.39A.056](#).
- (5) Results of background checks are provided to the department and the employer or potential employer for the purpose of determining whether the person:
  - (a) Is disqualified based on a disqualifying criminal conviction, a pending charge for a disqualifying crime listed in WAC 388-113-0020, civil adjudication proceeding, or negative action as defined in WAC 388-71-0512; or listed in WAC 388-71-0540; or
  - (b) Should or should not be employed based on his or her character, competence, and/or suitability.
- (6) For those providers listed in RCW [43.43.837\(1\)](#), a second national fingerprint-based background check is required if they have lived out of the state of Washington since the first national fingerprint-based background check was completed.
- (7) The department may require a long-term care worker to have a Washington state name and date of birth background check or a Washington state and national fingerprint-based background check, or both, at any time.

The Department's Aging and Long-Term Support Administration – Home and Community Services Division - Long-Term Care Manual, Chapter 7(a): In-Home Provider Requirements, states in part:

You will receive a *RECORD* letter from BCCU when there is a pending charge for a disqualifying crime. However, pending crimes are always disqualifying based on *character, competence, and suitability*, unless there is an outcome in court. The *character, competence, and suitability* determination must be documented on the Assessment Documentation Form or other document that is maintained in the provider's file. Complete a character, competence, and suitability determination in writing if the IP has a conviction for a non-disqualifying crime or the person is not found guilty.

...If you have previously completed a character, competence, and suitability determination, you do not have to complete a new one on the same provider of the same client *if* there are no new convictions or negative actions, *and* the provider meets all other provider qualifications in meeting the client's needs. (If the provider is going to work for another client, you need to complete another determination in relation to the new client.) *If you find that you do not need a new determination*, you still need to document that you have:

- Reviewed the current background check;
- Found that there is no new information;
- Referred to the previous character, competence, and suitability determination made, with the date; and
- Stated your decision.

**2015-041 The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Controls  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed or Unallowed  
**Questioned Cost Amount:** \$22,584

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015, more than \$3.8 billion of which was spent by the Department of Social and Health Services.

Medicaid providers may not be reimbursed for services provided after a beneficiary's death. The Department receives quarterly data from the state Department of Health, which is used to identify if Medicaid clients have died. When clients are determined to be deceased they are removed from the Medicaid program. Every month the Department searches for Medicaid payments that were paid after a client's date of death. If such payments are found, the Department initiates a process to recover the overpayments.

In the previous audit, we reported the Department paid providers \$27,687 for services that occurred after a client's death. The prior finding number was 2014-050.

**Description of Condition**

We examined all Medicaid payments made by the Department in fiscal year 2015 to determine if the Department paid for services after a client died. We found 97 claims were paid for services provided after a client's death.

## **Cause of Condition**

The Department performs monthly reviews to detect unallowable Medicaid payments for services provided after a client's death. However, these reviews are not effective in preventing or detecting all unallowable payments.

## **Effect of Condition and Questioned Costs**

When the state provides services to ineligible individuals, or the services are unallowable, the services cannot be claimed for federal reimbursement. We found \$45,148 in paid services that occurred after a client's death. We are questioning \$22,584, which is the federal share of the unallowable payments. The federal share is calculated using the state's Federal Medical Percentage or FMAP rate.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

## **Recommendation**

We recommend the Department:

- Recover the unallowable payments for services provided after the client's death.
- Consult with the U.S. Department of Health and Human Services to determine if repayment of the questioned costs is required.

## **Department's Response**

*The Department partially concurs with this finding.*

*The review found 97 instances of payments made through SSPS and ProviderOne for services provided after the client's date of death. The Department agrees with 77 of these instances. The remaining 20 were determined by the Aging and Long Term Services Administration to be allowable services prior to the client's deaths.*

*The Department acknowledges that the target for payment of services, provided after the date of death is zero and we seek to reach that mark.*

*Current practice includes training staff to ensure termination of authorization of services effective at date of death. The Department continues to work to strengthen our processes including utilizing a revised report that identifies clients who have authorizations that were paid after their date of death. This report is analyzed monthly and post payment review will also occur for payments to ensure that any authorizations or payments not prevented because of both a failure of practice and a system failure*

*are caught and collected. Where necessary, overpayments will be processed timely and federal funds returned to the U.S. Department of Health and Human Services.*

*The Department will continue its partnership with the Health Care Authority to monitor for payments after the date of death.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit, and acknowledge the corrective measures taken by the Department to date.

We received the results of follow-up work performed by the Department for 20 cases pertaining to Aging and Long-Term Support Administration. The Department asserts it performed follow-up work for 20 cases pertaining to the Aging and Long-Term Support Administration. The Department states it has obtained additional supporting documentation from providers of health care services and determined the payments made for these services were justified. Our Office did not confirm if the expenditures were supported and allowable because this activity occurred after the audit had concluded.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-133 Compliance Supplement for 2013, *Part 3 – Compliance Requirements*, states in part:

### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment include the following:

7. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements, such as overpayments or underpayments made to eligible recipients resulting from inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments.
8. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
9. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
  - f. 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.
  - g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.

- h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- i. Be the net of all applicable credits.
- j. Be adequately documented.

**2015-042 The Department of Social and Health Services paid Medicaid benefits for clients who did not have valid Social Security numbers.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Eligibility Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$55,719

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015, more than \$3.8 billion of which was spent by the Department of Social and Health Services.

Federal regulations require the Department to obtain a Social Security number from each individual, including children, applying for Medicaid. The Department is required to verify the number with the Social Security Administration to ensure it was issued to the individual and to verify if the person has been issued any other number. The Department must assist an applicant with applying for a number if they do not have one. Under these circumstances, the agency must obtain evidence to establish the age, citizenship or immigration status, and the true identity of the applicant.

The Washington HealthPlanFinder federally verifies the validity of a Social Security number at the time of application for Medicaid benefits. Department staff verify a client provided a Social Security number using the Federal Health Data Services Hub for unverified Social Security numbers. When an application is submitted without a Social Security number, or the Social Security number is not

federally verified, Department staff contact the applicant and follow-up to obtain a valid Social Security number.

The Social Security Administration provides the state with access to the State On-Line Query, a computer system that enables state agencies to verify the validity of a Social Security number at the time of the Medicaid application.

### **Description of Condition**

We reviewed all claims paid to Medicaid providers through the Department's Social Service Payment System (SSPS) in fiscal year 2015 to determine if the Medicaid clients had valid Social Security numbers.

We identified three clients who did not have a valid Social Security number. The Department paid \$111,384 in Medicaid funds for services provided to these clients in fiscal year 2015.

### **Cause of Condition**

The Department has adequate procedures for obtaining and verifying Social Security numbers, however it is still not preventing or detecting all unallowable payments.

### **Effect of Condition and Questioned Costs**

When the Department provides services to ineligible individuals, or the services are unallowable and/or unsupported, the services cannot be claimed for federal reimbursement. We are questioning \$55,719, which is the federal share of the unallowable payments. The federal share is calculated using the state's Federal Medical Assistance Percentages (FMAP) rate.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Department:

- Follow up on the three clients for whom the Department could not provide evidence of a correct Social Security number, and re-determine their Medicaid eligibility.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## Department's Response

*The Department concurs with this finding.*

*Children's Administration will work to strengthen processes to further minimize the allocation of expenditures to Medicaid funding in error.*

*The federal funds for these clients will be returned and Children's Administration will communicate the information to the Health Care Authority so they are able to identify the returned funds as a part of their claiming process.*

## Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

Title 42, Code of Federal Regulations, Section 435.910(a) Use of social security number, states in part:

[T]he agency must require, as a condition of eligibility, that each individual (including children) seeking Medicaid furnish each of his or her Social Security numbers (SSN).

Title 42, Code of Federal Regulations, Section 435.910 (g) states:

The agency must verify the SSN furnished by an applicant or beneficiary to insure the SSN was issued to that individual, and to determine whether any other SSNs were issued to that individual.

Title 42, Code of Federal Regulations, Section 435.910 (e) states:

If an applicant cannot recall his SSN or SSNs or has not been issued a SSN the agency must:

- (1) Assist the applicant in completing an application for an SSN;
- (2) Obtain evidence required under SSA regulations to establish the age, the citizenship or alien status, and the true identity of the applicant; and
- (3) Either send the application to SSA or, if there is evidence that the applicant has previously been issued a SSN, request SSA to furnish the number.

Title 42, Code of Federal Regulations, Section 435.916 Periodic renewal of Medicaid eligibility, (a) states in part,

[T]he eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months[.]

Title 42, Code of Federal Regulations, Section 435.920 Verification of SSNs states:

- (a) In redetermining eligibility, the agency must review case records to determine whether they contain the beneficiary's SSN or, in the case of families, each family member's SSN.
- (b) If the case record does not contain the required SSNs, the agency must require the beneficiary to furnish them and meet other requirements of 435.910.
- (c) For any beneficiary whose SSN was established as part of the case record without evidence required under the SSA regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

**2015-043    The Department of Social and Health Services did not accurately claim the federal share of Medicaid payments for Presumptive Supplemental Security Income clients.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Matching  
**Questioned Cost Amount:** \$130,234

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures.

The Federal Medical Assistance Percentage (FMAP) is used in determining the amount of federal matching funds for states’ Medicaid expenditures. This rate is calculated annually by the federal Department of Health and Human Services. Washington’s FMAP for federal fiscal year 2015 was 50.03 percent.

The Affordable Care Act expanded Medicaid coverage to low-income adults without children beginning on January 1, 2014. The Act provides 100 percent federal funding for medical assistance payments for newly eligible adults until January 2017. This rate will decrease to 90 percent by 2020.

When the Affordable Care Act was enacted in March 2010, Washington also expanded Medicaid coverage to Presumptive Supplemental Security Income (PSSI) clients who have long-term medical conditions that are likely to meet federal disability criteria, but whose disability determination is

pending. Until January 1, 2014, Medicaid services for PSSSI clients were financed at the regular FMAP rate. Beginning on January 1, 2014, a new Expansion State FMAP (ESFMAP) went into effect which is higher than the current FMAP. By 2019 this rate will gradually increase and equal the enhanced matching rate available for newly-eligible adults.

The Medicaid matching rates are automatically applied to Medicaid expenditures through the Department's cost allocation process. When the Affordable Care Act went into effect, the Department did not have a unique code identifying PSSSI clients in its payment system. The Department manually prepared PSSSI expenditure reports and processed adjustments to claim the correct federal amount based on ESFMAP.

In fiscal year 2015, the state Medicaid program spent approximately \$251 million for the PSSSI program. Approximately \$15.5 million was spent by the Department.

### **Description of Condition**

We found the Department did not process adjustments for all social and nursing home services in a timely manner between January 2014 and June 2015. As a result, the Department claimed an incorrect federal share for Medicaid PSSSI expenditures of \$1.5 million.

The Department completed its adjustments after our audit period.

### **Cause of Condition**

The Department stated that it was not able to produce a Medicaid PSSSI expenditure report in a timely manner due to a significant transition of its social service payment system to a new payment system, ProviderOne.

### **Effect of Condition and Questioned Costs**

The Department over-claimed \$151,170 in Medicaid expenditures between January 2014 and June 2015. We are questioning \$130,234, which is the over-claimed portion for fiscal year 2015.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Department:

- Ensure questioned costs were repaid to federal grantor.
- Ensure it claims the correct federal share of PSSSI expenditures in the future.

## **Department's Response**

*The Department concurs with the finding.*

*All questioned costs were returned to the Centers for Medicare and Medicaid Services by December 2015. To correctly account for Presumptive Supplemental Security Income (PSSI), the Department developed new financial and functional Recipient Aide Categories (RACs) separating out this group of clients, which allowed the PSSI expenditures to be directly coded to the appropriate match rate. The new RACs began in ProviderOne on February 1, 2015 and the Department worked with Health Care Authority (HCA) to develop new reports to correct Provider One PSSI expenditures. Due to the timing of the new RACs, changes in the Social Service Payment System (SSPS) for 1099 services was not possible for these clients and corrections for SSPS were made via journal voucher once new reports were developed for this population as well.*

*In addition, since SSPS only had one year remaining to pay W2 services, new SSPS codes were not created for W2 services. Instead, reports were developed to identify PSSI expenditures but reports were not available to correct these costs timely. After Individual ProviderOne implementation, the new RACs will be used to directly code expenditures.*

*Additionally, we continue to work with HCA to obtain reports to determine if additional corrections are needed for payments processed through ProviderOne.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (d) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

42 U.S. Code 1396d Definitions, states in part:

(z) Equitable Support for Certain States.—

- (2)(A) For calendar quarters in 2014 and each year thereafter, the Federal medical assistance percentage otherwise determined under subsection (b) for an expansion State described in paragraph (3) with respect to medical assistance for individuals described in section 1902(a)(10)(A)(i)(VIII) who are nonpregnant childless adults with respect to whom the State may require enrollment in benchmark coverage under section 1937 shall be equal to the percent specified in subparagraph (B)(i) for such year.
- (3) A State is an expansion State if, on the date of the enactment of the Patient Protection and Affordable Care Act, the State offers health benefits coverage statewide to parents and nonpregnant, childless adults whose income is at least 100 percent of the poverty line, that is not dependent on access to employer coverage, employer contribution, or employment and is not limited to premium assistance, hospital-only benefits, a high deductible health plan, or alternative benefits under a demonstration program authorized under section 1938. A State that offers health benefits coverage to only parents or only nonpregnant childless adults described in the preceding sentence shall not be considered to be an expansion State.

**2015-044 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have internal controls in place to ensure follow up on nursing home survey deficiencies were conducted in a timely manner.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act  
**Federal Award Number:** 5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT  
**Applicable Compliance Component:** Special Tests and Provisions – Provider Health and Safety Standards  
**Questioned Cost Amount:** None

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

In fiscal year 2015, the state Medicaid program spent approximately \$10.4 million for the state survey and certification of health care providers. The Department of Social and Health Services (Department) spent more than \$3.8 million during fiscal year 2015.

Residential Care Services, under the Department of Social and Health Services, Aging and Long-Term Support Administration, is the state survey agency for Washington.

In fiscal year 2015, the state had 220 nursing homes that were Medicare and/or Medicaid certified. The survey for certification of a nursing home is a resident-centered inspection that gathers information about the quality of service furnished in a facility to determine compliance with the requirements of 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.

States are required to complete a standard survey within 15.9 months following the previous survey and the state-wide average must not exceed 12.9 months for nursing homes as stated in the Mission and Priority Statement issued by Centers for Medicare and Medicaid Services (CMS). If deficiencies are found in the facility the Department is responsible for mailing a statement of deficiency to the facility within 10 working days of the survey date. The facility is then required to submit a plan of correction to the Department within 10 calendar days of receipt. The Centers for Medicare and Medicaid services measures state agencies using the federal fiscal year and our audit period looked at surveys during the state fiscal year.

We reported the Department did not have adequate internal controls to ensure surveys were conducted timely in our prior audit. The prior finding number was 2014-046.

### **Description of Condition**

The Department has procedures in place to ensure the standard surveys get completed timely, but those procedures do not include a process to ensure applicable statement of deficiencies are sent timely or that corrective action is received timely.

A statistical sampling method was used to randomly select 41 nursing homes to determine if the Department mailed statements of deficiency within 10 working days as required. We found eight (20 percent) exceeded the required timeframe.

We also examined the same nursing homes to determine if the plan of correction was received within 10 calendar days and found that 15 (37 percent) were submitted late.

We consider this internal control deficiency to be a material weakness.

### **Cause of Condition**

The Department noted the cause of delays was due to administrative enforcement decision making, technical issues, and/or staffing issues.

### **Effect of Condition**

When the Department does not follow up on deficiencies timely, the state is paying the facilities for services provided to Medicaid clients without assurance they are in compliance with federal and state health standards and regulations.

## **Recommendation**

We recommend the Department establish procedures to ensure statements of deficiency and correction plans are submitted timely.

## **Department's Response**

*The Department agrees with this finding.*

*While the Centers for Medicare and Medicaid Service's State Operational Manual guidelines do not require formal tracking of the statement of deficiencies or plans of correction, the Department did implement a statewide formal tracking system in January 2016, to improve compliance.*

*The Department will continue to enhance its formal tracking of statement of deficiency mailings and receipting of plans of corrections. Standard operating procedures will be enhanced to ensure implementation of the tracking.*

## **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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, Code of Federal Regulations, Section 488.402 General provisions. States in part:

(d) Plan of correction requirement.

- (1) Except as specified in paragraph (d)(2) of this section, regardless of which remedy is applied, each facility that has deficiencies with respect to program requirements must submit a plan of correction for approval by CMS or the survey agency.
- (2) Isolated deficiencies. A facility is not required to submit a plan of correction when it has deficiencies that are isolated and have a potential for minimal harm, but no actual harm has occurred.

Centers for Medicare and Medicaid Services State Operations Manual Chapter 7 - 7319.1 - Non-State Operated Skilled Nursing Facilities and Nursing Facilities or Dually Participating Facilities (Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10) states in part:

1. The State conducts the survey and certifies compliance.
2. The State sends the facility Form CMS-2567 and if applicable, the “Notice of Isolated Deficiencies Which Cause No Actual Harm With the Potential for Minimal Harm” (Form A), within 10 working days of the last day of survey.
3. If the facility is in substantial compliance, but deficiencies constitute a pattern or widespread findings causing no actual harm and potential for only minimal harm, the State instructs the facility to submit a plan of correction to the State’s office. (This must be submitted within 10 calendar days after the facility has received its Statement of Deficiencies.) There is no requirement for the State to conduct a revisit to verify correction, but the facility is expected to comply with its plan of correction.

Centers for Medicare & Medicaid Services State Operations Manual Chapter 7 - 7304.4 - Acceptable Plan of Correction - states in part:

- (f) Provides that an acceptable plan of correction is required in response to deficiencies listed on the Form CMS-2567 and must be received within 10 calendar days of the facility's receipt of the CMS-2567. The plan of correction will serve as the facility's allegation of compliance;
- (g) Informs the facility of the opportunity for informal dispute resolution;
- (h) Specifies that if an acceptable plan of correction is not received within 10 calendar days of the facility's receipt of the CMS-2567, the State will notify the facility that it is recommending to the regional office and/or the State Medicaid Agency that remedies other than category 1, and/or denial of payment for new admissions, be imposed effective as soon as notice requirements are met. As authorized by CMS and/or the State Medicaid Agency, formal notice of imposition of category 1 remedies may be officially provided in this initial notice, and notice of imposition of denial of payment for new admissions may be officially provided in this notice or in the first revisit letter;

**2015-045 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure surveys for Medicaid nursing home and intermediate care facilities were completed in a timely manner.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Control Units 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Provider Health and Safety Standards
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

In fiscal year 2015, the state Medicaid program spent approximately \$10.4 million for the survey and certification of health care providers. The Department of Social and Health Services (Department) spent more than \$3.8 million of that amount.

Residential Care Services, part of the Department of Social and Health Services, Aging and Long-Term Support Administration, is the state survey agency for the state of Washington.

The state has 13 Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). An ICF/IID is an institution whose primary purpose is for the provision of health or rehabilitation services to individuals with intellectual disabilities or related conditions that receive care and services under the Medicaid program.

The Department is required to perform an annual certification survey of each ICF/IID. The primary focus of the annual certification survey is on the "outcome" of the facility's implementation of ICF/IID active treatment services.

States are required to complete a standard survey within 15.9 months following the previous survey and the state-wide average must not exceed 12.9 months. If deficiencies are found in a facility the Department must mail a statement of deficiency to the facility within 10 working days of the survey date. The facility is then required to submit a plan of correction to the Department within 10 calendar days of receipt. The Centers for Medicare and Medicaid services measures state agencies using the federal fiscal year and our audit period looked at surveys during the state fiscal year.

We reported the Department did not have adequate internal controls to ensure surveys were conducted timely in our prior audit. The prior finding number was 2014-046.

### **Description of Condition**

We examined all 13 ICF/IID facilities and found the Department did not ensure surveys were performed in accordance with the frequency required by state and federal laws.

- Two (15 percent) surveys exceeded the 15.9 month requirement.
- The statewide average of 13.7 months exceeded the 12.9 month requirement.

We found four (30 percent) instances when the Department failed to mail statements of deficiency within 10 working days of the survey date. The number of actual days ranged from 11 to 36 days. Three of the four facilities submitted their plan of correction after 10 calendar days, ranging from 12 to 17 days.

We also reviewed the Department's tracking process and found one facility did not have the correct survey on the tracking spreadsheet and the Department did not have one facility on the tracking spreadsheet.

We consider this control deficiency to be a material weakness.

### **Cause of Condition**

In September 2014, the Department was asked to postpone an annual survey for one facility so that a joint nursing home and ICF/IID survey could be conducted along with federal surveyors. As a result, the survey was postponed more than once, which led to the delay in conducting this and one other ICF/IID facility annual survey.

The Department noted staffing challenges as part of the cause to ensure the statement of deficiencies and plan of corrections are done timely.

### **Effect of Condition**

When surveys are not conducted and follow up on deficiencies are not performed timely, the state is paying the facilities for services provided to Medicaid clients without assurance they are in compliance with federal and state health standards and regulations.

### **Recommendation**

We recommend the Department conduct ICF/IID surveys in accordance with the frequency required by federal and state laws. We also recommend the Department establish internal controls to ensure statement of deficiencies and plan of corrections are completed timely.

### **Department's Response**

*The Department partially concurs with this finding.*

#### *Survey Interval for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID):*

*The Department agrees it did not meet two annual ICF/IID recertification surveys in accordance with the frequency and interval required by federal and state laws. The Department will schedule and monitor surveys to meet standards. The department was provided with two additional full time equivalent surveyor positions and has filled these positions to conduct recertification surveys and complaint investigations. The Department has requested additional basic surveyor training classes be made available from the Centers for Medicare and Medicaid Services (CMS) to enable new hires to function independently to conduct surveys and investigations.*

#### *Statement of Deficiency (SOD) Mailing and Plans of Correction Receipts*

*The Department does not agree, that not formally tracking the receipt of plans of correction is a material weakness. The CMS State Operational Manual guidelines do not require formal tracking. The Department has been informally tracking SOD mailings and plans of correction receipts:*

- *SOD Mailing - The Department has been informally tracking mailing of SODs and recording these in the ICF/IID electronic system (SharePoint site) and also recording them on the hard copy ICF/IID tracking form. In addition to mailing the SODS, they are also faxed to the facilities.*
- *Plan of Correction Receipts - The Department has enhanced the tracking log within the SharePoint site and added this item. In addition, this item was also added into the hard copy of the ICF/IID tracking form to monitor receipt of plan of corrections. A written standard*

*operating procedure will be developed to ensure implementation of the tracking form and to document follow-up action done by the program to ensure timely receipt of the plans of correction.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We acknowledge that the Department has made improvements to the tracking process to ensure follow-up action is completed.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

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Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

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.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 7 - Survey and Enforcement Process for Skilled Nursing Facilities and Nursing Facilities, states in part:

7205 - Survey Frequency: 15-Month Survey Interval and 12-Month State-wide Average

7205.2 - Scheduling and Conducting Surveys (Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10)

The State must complete a standard survey of each skilled nursing facility and nursing facility not later than 15 months after the previous standard survey.

Facilities with excellent histories of compliance may be surveyed less frequently to determine compliance, but no less frequently than every 15 months and the State-wide standard survey average must not exceed 12 months.

7319.1 - Non-State Operated Skilled Nursing Facilities and Nursing Facilities or Dually Participating Facilities (Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10)

1. The State conducts the survey and certifies compliance.
2. The State sends the facility Form CMS-2567 and if applicable, the “Notice of Isolated Deficiencies Which Cause No Actual Harm With the Potential for Minimal Harm” (Form A), within 10 working days of the last day of survey.

3. If the facility is in substantial compliance, but deficiencies constitute a pattern or widespread findings causing no actual harm and potential for only minimal harm, the State instructs the facility to submit a plan of correction to the State's office. (This must be submitted within 10 calendar days after the facility has received its Statement of Deficiencies.) There is no requirement for the State to conduct a revisit to verify correction, but the facility is expected to comply with its plan of correction.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 2- The Certification Process, states in part:

2138G - Schedule for Recertification

(Rev. 91, Issued: 09-27-13, Effective: 09-27-13, Implementation: 09-27-13)

The SA completes a recertification survey an average of every 12 months and at least once every 15 months (see §2141).

2141 - Recertification - ICFs/IID

(Rev. 91, Issued: 09-27-13, Effective: 09-27-13, Implementation: 09-27-13)

- The regulation at §442.15 provides that provider agreements for ICF/IID's would remain in effect as long as the facility remains in compliance with the Conditions Of Participation (COP's). Regulations at §442.109 through §442.111.
- Beginning on May 16, 2012, ICF/IID's are no longer subject to time-limited agreements. However, they are to be surveyed for re-certification an average of every 12 months and at least once every 15 months.
- If during a survey the survey agency finds a facility does not meet the standards for participation the facility may remain certified if the survey agency makes two determinations – The facility may maintain its certification if the survey agency finds Immediate Jeopardy doesn't exist, and if the facility provides an acceptable plan of correction.

Title 42, Code of Federal Regulations, Section 488.402 General provisions. States in part:

(d) Plan of correction requirement.

- (1) Except as specified in paragraph (d)(2) of this section, regardless of which remedy is applied, each facility that has deficiencies with respect to program requirements must submit a plan of correction for approval by CMS or the survey agency.
- (2) Isolated deficiencies. A facility is not required to submit a plan of correction when it has deficiencies that are isolated and have a potential for minimal harm, but no actual harm has occurred.

Centers for Medicare & Medicaid Services State Operations Manual Chapter 7 - 7319.1 - Non-State Operated Skilled Nursing Facilities and Nursing Facilities or Dually Participating Facilities (Rev. 63, Issued: 09-10-10, Effective: 09-10-10, Implementation: 09-10-10) states in part:

1. The State conducts the survey and certifies compliance.
2. The State sends the facility Form CMS-2567 and if applicable, the “Notice of Isolated Deficiencies Which Cause No Actual Harm With the Potential for Minimal Harm” (Form A), within 10 working days of the last day of survey.
3. If the facility is in substantial compliance, but deficiencies constitute a pattern or widespread findings causing no actual harm and potential for only minimal harm, the State instructs the facility to submit a plan of correction to the State’s office. (This must be submitted within 10 calendar days after the facility has received its Statement of Deficiencies.) There is no requirement for the State to conduct a revisit to verify correction, but the facility is expected to comply with its plan of correction.

Centers for Medicare & Medicaid Services State Operations Manual Chapter 7 - 7304.4 - Acceptable Plan of Correction - states in part:

- (f) Provides that an acceptable plan of correction is required in response to deficiencies listed on the Form CMS-2567 and must be received within 10 calendar days of the facility's receipt of the CMS-2567. The plan of correction will serve as the facility's allegation of compliance:
- (g) Informs the facility of the opportunity for informal dispute resolution;
- (h) Specifies that if an acceptable plan of correction is not received within 10 calendar days of the facility's receipt of the CMS-2567, the State will notify the facility that it is recommending to the regional office and/or the State Medicaid Agency that remedies other than category 1, and/or denial of payment for new admissions, be imposed effective as soon as notice requirements are met. As authorized by CMS and/or the State Medicaid Agency, formal notice of imposition of category 1 remedies may be officially provided in this initial notice, and notice of imposition of denial of payment for new admissions may be officially provided in this notice or in the first revisit letter;

**2015-046 The Department of Social and Health Services made improper payments for unallowable services provided to newly eligible Medicaid clients under the Affordable Care Act.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Controls  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed/Unallowed Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$58,572

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures.

The Affordable Care Act (ACA) expanded Medicaid coverage to low-income adults without children beginning on January 1, 2014. The Alternative Benefits Plan (ABP) is Medicaid benefit coverage for newly eligible adults under the ACA’s expansion. ABP for newly eligible adults must include the ten categories of essential health benefits (EHB) required by the ACA, provide parity in coverage between physical and mental health services, and offer certain preventive services. In Washington State, ABP services are equivalent to traditional Medicaid clients with the addition of a benefit for habilitative services. All available benefit/services under ABP are specified in the Medicaid State Plan.

ABP benefits package includes coverage for nursing home care and Medicaid Personal Care (MPC) but does not include coverage for home and community-based waiver services authorized by either Department of Social and Health Services (Department) Home and Community Services or Developmental Disability Administration. Medicaid Personal Care (MPC) services provide individual

provider or agency support in order to meet a person's needs for assistance with activities such as bathing, dressing, eating, meal preparation, housework, and travel to medical services. This service is provided in the person's own home or adult family home. To be eligible for nursing home or MPC service, clients must be functionally eligible for the services. The functional eligibility is determined based on an assessment of an individual's functional unmet needs. For clients who need additional services that MPC cannot offer, home and community based waiver services are considered, but clients need to financially qualify for such services using waiver criteria. In addition to personal care services, clients can receive other services such as assisted living services, supported living services, environmental modifications and home delivered meal services in home and community based waiver program. Those services are not included as an ABP benefit.

In fiscal year 2015, the state Medicaid program spent approximately \$3.2 billion for newly Medicaid eligible clients under ACA, more than \$318 million of which was spent by the Department.

**2015**

**Description of Condition**

We reviewed all claims paid through the Department's social service payment system in fiscal year 2015 to determine if the Department made improper Medicaid payments for claims not included in the ABP service package for newly Medicaid eligible clients.

We found the Department paid \$117,087 in Medicaid funds for unallowable services.

The following table summarizes the unallowable services we determined were provided for newly Medicaid eligible clients:

<b>Service Description</b>	<b>Unallowable Payments</b>	<b>Federal Share*</b>
Supported living services	\$ 42,926	\$21,476
Environmental modifications	\$ 24,605	\$12,309
Assisted living care	\$ 15,927	\$ 7,966
Special medical equipment	\$ 8,454	\$ 4,228
Adult day care	\$ 6,443	\$ 3,223
Enhanced adult residential care	\$ 5,323	\$ 2,662
Behavioral support and management services	\$ 5,715	\$ 2,859
Other unallowable services	\$ 8,213	\$ 4,108
<b>Total</b>	<b>\$117,087</b>	<b>\$58,572</b>

\*The federal share is calculated using the state's 2015 Federal Medical Assistance Percentage (FMAP) rate assigned per expenditure type.

The amount of unallowable payments noted in the table above includes a \$55,064 adjustment the Department processed after the audit period to move fiscal year 2015 expenditures to state only funding, the federal share of this adjustment was \$27,543. We found the Department did not identify an additional \$62,023 in unallowable payments, the federal share was \$31,029. Total questioned costs are \$58,572.

The Department also identified unallowable ABP payments of \$43,418 in state fiscal year 2014 and moved its federal share of \$21,709 to state only funding.

### **Cause of Condition**

Some case managers mistakenly authorized unallowable home and community based waiver services because they misunderstood these services to be an allowable service for newly eligible clients.

### **Effect of Condition and Questioned Costs**

The Department improperly claimed federal reimbursement for unallowable payments of \$117,661. We are questioning \$58,572, which is the federal portion of the unallowable costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

### **Recommendation**

We recommend the Department consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

### **Department's Response**

*The Department concurs with this finding.*

*To correctly account for the Alternative Benefits Plan (ABP), the Department developed functional Receipt Aid Categories (RACs). A specific category is now paired with one specific financial RAC separating out this group of clients, which allows the ABP expenditures to be directly coded to the appropriate match rate. The new RACs began in ProviderOne on January, 1, 2015 for 1099 services in ProviderOne.*

*In addition, since the Social Service Payment System only had one year remaining to pay W2 services, reports were developed to identify expenditures that were coded incorrectly. After Individual Provider One implementation, the new functional RACs will be paired with the one financial RAC to directly code expenditures.*

*The Department will return all questioned costs.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

WAC 182-501-0060 Health care coverage—Program benefit packages—Scope of service categories, states in part:

- (1) This rule provides a table that lists:
  - (a) The following Washington apple health (WAH) programs:
    - (i) The alternative benefits plan (ABP) medicaid
  - (6) Scope of service categories. The following table lists the agency's categories of health care services...
    - (b) The letter "Y" means a service category is included for that program. Services within each service category are subject to limitations and restrictions listed in the specific medical assistance program rules and agency issuances.
    - (c) The letter "N" means a service category is not included for that program.
    - (d) Refer to WAC 182-501-0065 for a description of each service category and for the specific program rules containing the limitations and restrictions to services.

Service Categories		ABP 20-	ABP 21+
Ambulance (ground and air)		Y	
Applied behavior analysis (ABA)		Y	N
Behavioral health services			
•	Mental health (MH) inpatient care	Y	Y
•	MH outpatient community care	Y	Y
•	MH psychiatric visits	Y	Y
•	MH medication management	Y	Y
•	Substance use disorder (SUD) detoxification	Y	Y
•	SUD diagnostic assessment	Y	Y
•	SUD residential treatment	Y	Y
•	SUD outpatient treatment	Y	Y
Blood/blood products/related services		Y	Y
Dental services		Y	Y
Diagnostic services (lab and X ray)		Y	Y
Early and periodic screening, diagnosis, and treatment (EPSDT) services		Y	N
Habilitative services		Y	Y
Health care professional services		Y	Y
Hearing evaluations		Y	Y
Hearing aids		Y	N
Home health services		Y	Y
Hospice services		Y	Y
Hospital services Inpatient/outpatient		Y	Y
Intermediate care facility/services for persons with intellectual disabilities		Y	Y
Maternity care and delivery services		Y	Y
Medical equipment, durable (DME)		Y	Y
Medical equipment, nondurable (MSE)		Y	Y
Medical nutrition services		Y	Y
Nursing facility services		Y	Y
Organ transplants		Y	Y
Orthodontic services		Y	N
Out-of-state services		Y	Y
Outpatient rehabilitation services (OT, PT, ST)		Y	Y
Personal care services		Y	Y
Prescription drugs		Y	Y
Private duty nursing		Y	Y
Prosthetic/orthotic devices		Y	Y
Reproductive health services		Y	Y

Respiratory care (oxygen)	Y	Y
School-based medical services	Y	N
Vision care Exams, refractions, and fittings	Y	Y
Vision hardware Frames and lenses	Y	N

**2015-047    The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure complaints of abuse and neglect of clients at Medicaid residential facilities were responded to properly.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775    State Medicaid Fraud Controls 93.777    State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778    Medical Assistance Program (Medicaid; Title XIX) 93.778A    Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1405WA5MAP; 5-1405WA5ADM; 5-1405WAIMPL; 5-1405WAINCT
<b>Applicable Compliance Component:</b>	Special Tests and Provisions – Provider Health and Safety Standards
<b>Questioned Cost Amount:</b>	None

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

The Centers for Medicare and Medicaid Services (CMS), which administers the program at the federal level, allows states to provide long-term care services to Medicaid clients that require daily nursing services. Medicaid coverage for nursing homes and intermediate care facilities for intellectually disabled clients is only authorized when services are provided in a residential facility licensed and certified by the state survey agency. The state survey agency is also responsible for investigating complaints and allegations of abuse, neglect or misappropriation.

Residential Care Services, under the Department of Social and Health Services’ Aging and Long-Term Support Administration, is the Medicaid survey agency for Washington. Residential Care Services manages the Complaint Resolution Unit, which is the front-line response system for addressing complaints from staff, residents, family members and the public.

Reports can be submitted to the Complaint Resolution Unit by mail, email, fax and telephone, Voicemail messages can be left on the Unit’s hotline 24 hours a day, seven days a week. Messages received after hours, on holidays, and on weekends are responded to the next business day. The Unit uses the Tracking Incidents of Vulnerable Adults (TIVA) case management system to input, prioritize and track complaints.

Review of all report types regardless of delivery method is conducted prior to being input into the TIVA case management system. Initial review of a report is performed by a program specialist. Clinical triage nurses determine the final priority assignment of all nursing home and intermediate care facility reports.

The following table lists the five different levels of prioritization for new complaints and the respective required response times.

<b>Prioritization</b>	<b>Required Response</b>
Immediate Jeopardy	Initiate investigation within 2 working days of receipt
Non Immediate Jeopardy-High	Initiate investigation within 10 working days of prioritization
Non Immediate Jeopardy-Medium	Initiate investigation within 20 working days of prioritization
Non Immediate Jeopardy-Low	Initiate investigation within 45 working days of prioritization
Quality Review	None required

Complaints are prioritized as a quality review for two reasons. First, the matter has already been or is in the process of being investigated. Secondly, the initial intake assessment indicates there is no threat to the resident or appropriate steps have already been taken to safeguard the resident. By classifying complaints as a quality review it makes the information accessible to field staff, but an investigation is not performed.

Complaints are prioritized to ensure the level of response corresponds to the severity of the allegation. All complaints not prioritized as quality reviews are prioritized and assigned to the Department’s field unit offices within two working days of receipt of the complaint.

The CMS State Operations Manual requires an assessment of each nursing home complaint to be made by an individual who is professionally qualified to evaluate the nature of the problem based upon his or her knowledge and experience of current clinical standards of practice and federal requirements. The complaints are then assigned to field staff. In fiscal year 2015, the Department received 28,438 complaints. Of these, 21,149 were assigned a priority and sent to the Residential Care Services field units to be investigated. The other 7,289 complaints were categorized as quality reviews.

The following table shows the number of complaints received for each provider type served by the Complaint Resolution Unit:

<b>Provider Type</b>	<b>Number of Complaints Received</b>
Adult Family Home	3,527
Assisted Living Facility	6,487
DEL Licensed	1
Intermediate Care Facility/ID	1,410
Nursing Home	11,527
RCS Intake Only	321
Supported Living	5,165
<b>Total Complaints</b>	<b>28,438</b>

Of the 28,438 complaints received during fiscal year 2015, there were 15,923 complaints that required an initiation of a response within 24 hours of receipt. The following table shows the number of complaints received for each allegation category that must meet this requirement:

<b>Allegation Code</b>	<b>Number of Complaints Received</b>
01 - Resident/Patient/Client Abuse	7,986
02 - Resident/Patient/Client Neglect	5,918
03 - Misappropriation of property	1,907
05 - Restraints/Seclusion - Death	3
06 - Restraints/Seclusion - General	109
<b>Grand Total</b>	<b>15,923</b>

Field staff investigate the complaint and perform follow-up within the assigned time frame determined by the severity of the issue.

In prior audits, we reported the Department did not respond timely to complaints of abuse or neglect. The prior finding numbers were: 2014-045 and 13-033. A performance audit was also performed in 2015. The audit report number was 1015480.

### **Description of Condition**

As described below, we found the Department did not have adequate internal controls in place to ensure complaints were responded to timely, which we consider a material weakness in controls over compliance with these requirement.

*Timeliness of responses to complaints*

We found 4,336 (27 percent) of all complaints received in fiscal year 2015 that the Department determined were to be responded to within 24 hours were not entered into the Department’s TIVA system timely. The following table shows the number of complaints that were not assessed timely and the range of days in which they were responded to.

<b>Working days to initiate a response</b>	<b>Number of complaints</b>
2 - 10 days	4,175
11 - 20 days	129
21 - 44 days	32
<b>Total responses initiated after 24 hours</b>	<b>4,336</b>

*Assessment of nursing home complaints by qualified individuals*

We found the following complaints for nursing homes and intermediate care facilities were not reviewed by a clinical triage nurse:

- 203 nursing home complaints (2 percent)
- 584 intermediate care facility complaints (41 percent)

*Timeliness of onsite survey – Immediate Jeopardy*

Three nursing home complaints involving immediate jeopardy cases were not investigated within two working days of receipt.

*Timeliness of prioritization and referrals to the Residential Care Services field unit*

The following intakes prioritized as non-immediate jeopardy, were not assigned to field staff within two days of receipt:

- 392 of 9,021 (4 percent) for nursing homes
- 69 of 1,050 (7 percent) for intermediate facilities

Additionally, investigations into the following non-immediate jeopardy complaints did not begin timely:

- 946 out of 9,021 (11 percent) for nursing homes
- 636 out of 1,050 (61 percent) for intermediate facilities

We could not determine if the Department assigned complaints timely for 868 (10 percent) nursing home complaints and 266 (25 percent) intermediate facility complaints. Critical dates for these complaints were not recorded in the Department's TIVA system.

### **Cause of Condition**

Although the Department has continued to improve its policies and procedures, training and systems, the transcription of the complaints from the voicemail system continues to be a time consuming process. Further, the Department does not ensure that all nursing home and intermediate care facility complaints are reviewed by a nurse.

### **Effect of Condition**

The Department did not comply with the requirements related to assessment of and response to complaints. When complaints are not received, prioritized and investigated timely, vulnerable residents are at a higher risk of abuse, neglect and financial exploitation.

### **Recommendation**

We recommend the Department strengthen its internal controls to ensure complaints are responded to as required by federal regulations and state law.

### **Agency's Response**

*The Department concurs with this finding.*

*The Department will continue to implement plans to strengthen internal controls and ensure complaints/reports are responded to and investigated, as required by federal regulation and state law.*

*The Tracking Incidents of Vulnerable Adults (TIVA) database is being redesigned to add information fields to improve the existing complaint process. These information fields are scheduled to be added to TIVA by June 1, 2016 and will expedite priority assignments by clearly identifying dates of "Knowledge" and "Initiate a Response."*

*Effective April 1, 2016 the Department will be authorizing overtime, as an interim solution, to ensure that complaints/reports are responded to within 24 hours of "knowledge." During this time we will also be considering other viable long term solutions, such as a per diem on-call staffing pool, which could be utilized on high volume days. Increased staffing will help with responding to complaints/reports generated over weekends and holidays.*

*During January 2015, the Complaint Resolution Unit's (CRU) "intake prior to assignment" procedure, for Nursing Home and Intermediate Care Facilities/ Individuals with Intellectual Disabilities (ICF/ IID), was implemented. This process improvement eliminates a review by a*

*Program Specialist 3 and directly assigns all complaints/reports from both provider types directly to Nurse Consultants.*

*In October 2015, the Department hired additional in field investigators, to improve the timeliness of investigations of non-immediate jeopardy Nursing Home and ICF/IID complaints.*

*During November 2015, to ensure investigations begin within two working days of receipt, the CRU Unit implemented the online reporting system for providers. This reporting option will assist the Department to meet required timelines and streamline the complaints/reports processing by reducing manual transcription time. The outcomes of the online reporting system, impacts on work flow, and timeliness are scheduled to be reviewed during April 2016.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

42 U.S. Code § 1396r(g)(4) Survey and Certification Process, states:

- (4) Investigation of complaints and monitoring nursing facility compliance --

Each state shall maintain procedures and adequate staff to-

- (A) Investigate complaints of violations of requirements by nursing facilities, and
- (B) Monitor, on site, on a regular, as needed basis, a nursing facility's compliance with the requirements of subsections (b), (c), and (d) of this section, if -
  - (i) the facility has been found not to be in compliance with such requirements and is in the process of correcting deficiencies to achieve such compliance;
  - (ii) the facility was previously found not to be in compliance with such requirements, has corrected deficiencies to achieve such compliance, and verification of continued compliance is indicated; or
  - (iii) the State has reason to question the compliance of the facility with such requirements.

A State may maintain and utilize a specialized team (including an attorney, an auditor, and appropriate health care professionals) for the purpose of identifying, surveying, gathering, and preserving evidence, and carrying out appropriate enforcement actions against substandard nursing facilities.

Center for Medicare and Medicaid Services, State Operations Manual, Chapter 5-Complaint Procedures, 5070 - Priority Assignment for Nursing Homes, Deemed and Non-Deemed Providers/Suppliers, and EMTALA states in part:

An assessment of each intake must be made by an individual who is professionally qualified to evaluate the nature of the problem based upon his/her knowledge and/or experience of current clinical standards of practice and Federal requirements. In situations where a determination is made that immediate jeopardy may be present and ongoing, the SA is required to investigate within two working days of receipt of the information. For all non-immediate jeopardy situations, the complaint/incident is prioritized within two working days of its receipt, unless there are extenuating circumstances that impede the collection of relevant information.

Title 42, Code of Federal Regulations, Section 488.335 Action on complaints of resident neglect and abuse, and misappropriation of resident property, states in part:

- (a) Investigation.
  - (1) The State must review all allegations of resident neglect and abuse, and misappropriation of resident property and follow procedures specified in § 488.332.
  - (2) If there is reason to believe, either through oral or written evidence that an individual used by a facility to provide services to residents could have abused or neglected a resident or misappropriated a resident's property, the State must investigate the allegation.
  - (3) The State must have written procedures for the timely review and investigation of allegations of resident abuse and neglect, and misappropriation of resident property.

RCW 74.34.063 Response to report – Timing – Reports to law enforcement agencies -- Notification to licensing authority, states in part:

- (1) The department shall initiate a response to a report, no later than twenty-four hours after knowledge of the report, of suspected abandonment, abuse, financial exploitation, neglect, or self-neglect of a vulnerable adult.

Residential Care Services Operational Principles and Procedures Complaint Resolution Unit  
Prioritization of Intakes – IV. Operational Procedures (A) July 2014:

For complaints prioritized as a 10WD (working day) complaint "Complaint and incident investigations shall be initiated within 10 working days of linking the intake to the RCS Field Unit." For complaints prioritized as 20WD (working day) "Complaint and incident investigations shall be initiated within 20 working days of linking the intake to the RCS Field Unit.". For 45WD (working day) - "Complaint and incident investigations shall be initiated within 45 working days of linking the intake to the RCS Field Unit".

**2015-048 The Department of Social and Health Services improperly claimed federal Medicaid reimbursement for non-emergency services provided to nonqualified aliens.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Control Units  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed/Unallowed Allowable Costs/Cost Principles Eligibility  
**Questioned Cost Amount:** \$37,426

**Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is Washington state’s largest public assistance program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015, more than \$3.8 billion of which was spent by the Department of Social and Health Services.

Under federal law all United States citizens and certain legal immigrants who meet Medicaid’s financial and non-financial eligibility criteria are eligible to receive Medicaid benefits. Nonqualified aliens are not eligible to receive standard Medicaid benefits, but may be eligible for care and services necessary in an emergency medical situation.

Federal law requires the state to have an Alien Emergency Medical program for medical emergencies for nonqualified aliens who meet all Medicaid program requirements with the exception of immigration status. This program covers low-income families, children and adults who are aged, blind or disabled.

The program defines emergency medical conditions as the sudden onset of a medical condition whose symptoms are acute and severe such that the absence of immediate medical attention could reasonably be expected to result in:

- Placing the patient's health in serious jeopardy
- Serious impairment to bodily functions
- Serious dysfunction of any bodily organ or part

Under the Alien Emergency Medical program, any visit or service not meeting the criteria of an emergency situation is considered unallowable. This includes, but is not limited to:

- Physical, occupational, speech therapy or audiology services
- Hospital clinic services
- Office or clinic-based services rendered by a physician, an Advanced Registered Nurse Practitioner, or any other licensed practitioner
- Laboratory, radiology, and any other diagnostic testing
- Personal care services
- Waiver services
- Nursing facility services
- Home health services

The state can choose to pay for non-emergency services for nonqualified aliens. However, the federal government will not share the cost of these services.

In the previous audit, we reported the Department paid providers \$688,081 for non-emergency services provided to nonqualified aliens. The prior finding number was 2014-050.

### **Description of Condition**

We found the Department improperly charged the Medicaid program \$74,813 for services that were provided to five nonqualified aliens. Providers were paid for 495 claims for non-emergency related services.

### **Cause of Condition**

The Department performs periodic reviews to detect unallowable Medicaid payments for services provided to nonqualified aliens. However, these reviews are not effective to prevent or detect all unallowable payments.

## **Effect of Condition and Questioned Costs**

When the state provides services to ineligible individuals, or the services are not allowable, the services cannot be claimed for federal reimbursement. We are questioning the federal share of \$37,426 of the unallowable payments identified in the audit.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

## **Recommendation**

We recommend the Department:

- Recover the unallowable payments for non-emergency services provided to nonqualified aliens.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*The Department concurs with this finding.*

*The Children's Administration will work to strengthen the review of these cases to help minimize the possibility of funds being allocated to Medicaid in error.*

*For the Aging and Long Term Support and the Developmental Disabilities Administrations Clients were assigned the wrong Medicaid Recipient Aid Category (RAC) in error. Due to the implementation of ProviderOne, staff needed additional training on how to select the correct RAC for these clients.*

*The federal portions of these questioned costs will be returned to CMS.*

## **Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-133 Compliance Supplement for 2013, *Part 3 – Compliance Requirements*, states in part:

### Improper Payments

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, Federal agencies are required to take actions to prevent improper payments, review Federal awards for such payments, and, as applicable, reclaim improper payments. Improper payment include the following:

10. Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements, such as overpayments or underpayments made to eligible recipients resulting from inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for the incorrect amount, and duplicate payments.
11. Any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments where authorized by law).
12. Any payment that an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Title 42 Code of Federal Regulations, Section 435.139 Coverage for certain aliens states:

The agency must provide services necessary for the treatment of an emergency medical condition, as defined in §440.255(c) of this chapter, to those aliens described in §435.406(c) of this subpart.

Title 42, Code of Federal Regulations, Section 440.255, Limited services available to certain aliens, states:

- (a) FFP for services. FFP is available for services provided to aliens described in this section which are necessary to treat an emergency medical condition as defined in paragraphs (b)(1) and (c) or services for pregnant women described in paragraph (b)(2).
- (b) Legalized aliens eligible only for emergency services and services for pregnant women. Aliens granted lawful temporary resident status, or lawful permanent resident status under sections 245A, 210 or 210A of the Immigration and Nationality Act, who are not in one of the exempt groups described in §§435.406(a)(3) and 436.406(a)(3) and who meet all other requirements for Medicaid will be eligible for the following services—
  - (1) Emergency services required after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
    - (i) Placing the patient's health in serious jeopardy;
    - (ii) Serious impairment to bodily functions; or
    - (iii) Serious dysfunction of any bodily organ or part.
  - (2) Services for pregnant women which are included in the approved State plan. These services include routine prenatal care, labor and delivery, and routine post-partum care. States, at their option, may provide additional plan services for the treatment of conditions which may complicate the pregnancy or delivery.
- (c) Effective January 1, 1987, aliens who are not lawfully admitted for permanent residence in the United States or permanently residing in the United States under the color of law must

receive the services necessary to treat the condition defined in paragraph (1) of this section if—

- (1) The alien has, after sudden onset, a medical condition (including emergency labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:
  - (i) Placing the patient's health in serious jeopardy;
  - (ii) Serious impairment to bodily functions; or
  - (iii) Serious dysfunction of any bodily organ or part, and
- (2) The alien otherwise meets the requirements in §§435.406(c) and 436.406(c) of this subpart.

WAC 182-500-0030, Medical assistance definitions—E., states in part:

"Emergency medical condition" means the sudden onset of a medical condition (including labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

- (1) Placing the patient's health in serious jeopardy;
- (2) Serious impairment to bodily functions; or
- (3) Serious dysfunction of any bodily organ or part.

WAC 182-507-0115, Alien emergency medical program (AEM), states:

- (1) A person nineteen years of age or older who is not pregnant and meets the eligibility criteria under WAC 182-507-0110 is eligible for the alien emergency medical program's scope of covered services described in this section if the person meets (a) and (b) or (c) of this subsection:
  - (a) The Medicaid agency determines that the primary condition requiring treatment meets the definition of an emergency medical condition as defined in WAC 182-500-0030, and the condition is confirmed through review of clinical records; and
  - (b) The person's qualifying emergency medical condition is treated in one of the following hospital settings:
    - (i) Inpatient;
    - (ii) Outpatient surgery;
    - (iii) Emergency room services, which must include an evaluation and management (E&M) visit by a physician; or
  - (c) Involuntary Treatment Act (ITA) and voluntary inpatient admissions to a hospital psychiatric setting that are authorized by the agency's inpatient mental health designee (see subsection (5) of this section).
- (2) If a person meets the criteria in subsection (1) of this section, the agency will cover and pay for all related medically necessary health care services and professional services provided:
  - (a) By physicians in their office or in a clinic setting immediately prior to the transfer to the hospital, resulting in a direct admission to the hospital; and

- (b) During the specific emergency room visit, outpatient surgery or inpatient admission. These services include, but are not limited to:
  - (i) Medications;
  - (ii) Laboratory, X-ray, and other diagnostics and the professional interpretations;
  - (iii) Medical equipment and supplies;
  - (iv) Anesthesia, surgical, and recovery services;
  - (v) Physician consultation, treatment, surgery, or evaluation services;
  - (vi) Therapy services;
  - (vii) Emergency medical transportation; and
  - (viii) Nonemergency ambulance transportation to transfer the person from a hospital to a long term acute care (LTAC) or an inpatient physical medicine and rehabilitation (PM&R) unit, if that admission is prior authorized by the agency or its designee as described in subsection (3) of this section.
- (3) The agency will cover admissions to an LTAC facility or an inpatient PM&R unit if:
  - (a) The original admission to the hospital meets the criteria as described in subsection (1) of this section;
  - (b) The person is transferred directly to this facility from the hospital; and
  - (c) The admission is prior authorized according to LTAC and PM&R program rules (see WAC 182-550-2590 for LTAC and WAC 182-550-2561 for PM&R).
- (4) The agency does not cover any services, regardless of setting, once the person is discharged from the hospital after being treated for a qualifying emergency medical condition authorized by the agency or its designee under this program. Exception: Pharmacy services, drugs, devices, and drug-related supplies listed in WAC 182-530-2000, prescribed on the same day and associated with the qualifying visit or service (as described in subsection (1) of this section) will be covered for a one-time fill and retrospectively reimbursed according to pharmacy program rules.
- (5) Medical necessity of inpatient psychiatric care in the hospital setting must be determined, and any admission must be authorized by the agency's inpatient mental health designee according to the requirements in WAC 182-550-2600.
- (6) There is no precertification or prior authorization for eligibility under this program. Eligibility for the AEM program does not have to be established before an individual begins receiving emergency treatment.
- (7) Under this program, certification is only valid for the period of time the person is receiving services under the criteria described in subsection (1) of this section. The exception for pharmacy services is also applicable as described in subsection (4) of this section.
  - (a) For inpatient care, the certification is only for the period of time the person is in the hospital, LTAC, or PM&R facility - The admission date through the discharge date. Upon discharge the person is no longer eligible for coverage.
  - (b) For an outpatient surgery or emergency room service the certification is only for the date of service. If the person is in the hospital overnight, the certification will be the admission date through the discharge date. Upon release from the hospital, the person is no longer eligible for coverage.
- (8) Under this program, any visit or service not meeting the criteria described in subsection (1) of this section is considered not within the scope of service categories as described in WAC 182-501-0060. This includes, but is not limited to:

- (a) Hospital services, care, surgeries, or inpatient admissions to treat any condition which is not considered by the agency to be a qualifying emergency medical condition, including but not limited to:
  - (i) Laboratory X ray, or other diagnostic procedures;
  - (ii) Physical, occupational, speech therapy, or audiology services;
  - (iii) Hospital clinic services; or
  - (iv) Emergency room visits, surgery, or hospital admissions.
- (b) Any services provided during a hospital admission or visit (meeting the criteria described in subsection (1) of this section), which are not related to the treatment of the qualifying emergency medical condition;
- (c) Organ transplants, including pre-evaluations, post-operative care, and anti-rejection medication;
- (d) Services provided outside the hospital settings described in subsection (1) of this section including, but not limited to:
  - (i) Office or clinic-based services rendered by a physician, an ARNP, or any other licensed practitioner;
  - (ii) Prenatal care, except labor and delivery;
  - (v) Laboratory, radiology, and any other diagnostic testing;
  - (iv) School-based services;
  - (v) Personal care services;
  - (vi) Physical, respiratory, occupational, and speech therapy services;
  - (x) Waiver services;
  - (xi) Nursing facility services;
  - (ix) Home health services;
  - (xii) Hospice services;
  - (xiii) Vision services;
  - (xiv) Hearing services;
  - (xv) Dental services;
  - (xvi) Durable and nondurable medical supplies;
  - (xvii) Nonemergency medical transportation;
  - (xviii) Interpreter services; and
  - (xvii) Pharmacy services, except as described in subsection (4) of this section.
- (9) The services listed in subsection (8) of this section are not within the scope of service categories for this program and therefore the exception to rule process is not available.
- (10) Providers must not bill the agency for visits or services that do not meet the qualifying criteria described in this section. The agency will identify and recover payment for claims paid in error.

**2015-049 The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers were allowable.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.775 State Medicaid Fraud Controls  
93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare  
93.778 Medical Assistance Program (Medicaid; Title XIX)  
93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)  
**Federal Award Number:** 5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT  
**Applicable Compliance Component:** Activities Allowed/Unallowed Allowable Costs/Cost Principles  
**Known Questioned Cost Amount:** \$43,697  
**Likely Questioned Cost Amount:** \$13,173,381

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

The Department's Developmental Disabilities Administration administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service of this program and is delivered by staff of contracted supported living providers. Contractor employees assist clients in activities of daily living and with the social and adaptive skills necessary to live in the community.

The Department pays supported living providers a daily rate for each day of service provided to clients. The number of hours and type of support services clients are authorized to receive is based on the client's assessed needs, which varies from a few hours a week up to 24 hours per day. The majority of clients receiving supported living services require daily support to maintain their health and safety.

Department case managers use the Comprehensive Assessment Reporting Evaluation system to conduct assessments of client needs and determine levels of support. Through a rate setting process, Department resource managers work with providers to determine how the assessed level of support will be delivered and the number of daily direct service hours that will be provided. As part of that process, the Department captures economies of scale which allows clients to share hours within households or clusters. A daily rate is loaded into the Department's payment system and providers access the system to claim payment for each day of service that was provided. Providers are required to maintain adequate payroll records, including staff timesheets, work schedules, and payroll vouchers, to support payment claims.

In fiscal year 2015, the Department paid approximately \$360 million to 116 supported living providers for services provided to more than 3,900 clients.

The Department assigned one employee to conduct periodic reviews of supported living providers. The reviews consist of comparing employee hours provided to clients' contracted hours, and providing training to providers about necessary payroll documentation. In fiscal year 2015, the employee conducted 25 reviews of provider payroll records to ensure reported service hours were supported. Since 2013, the Department has reviewed records for 46 of the providers.

Supported living providers are required to submit a cost report at the end of each calendar year. The Department uses the reports to determine if the total support hours claimed by providers for the year agree to authorized service hours. Cost reports are reconciled and analyzed based on total hours provided to all clients in the agency, while payments are based on individual client need.

In prior audits, we found the Department did not have adequate internal controls to ensure supported living providers maintained adequate documentation to ensure payments for supported living services were allowable. The prior finding numbers were 2014-042, 2013-036 and 12-39. Additionally, we reported the Department made \$75,818 in overpayments to supported living providers. The prior finding number was 2014-043.

### **Description of Condition**

Although the Department has improved its monitoring of provider payroll documentation, internal controls were still not effective to ensure Medicaid payments claimed by supported living providers were allowable.

The Department's review process was not effective to ensure payments claimed by providers for the assessed needs of each individual client were for actual support hours provided. For the 25 reviews the Department employee performed during the audit period, employee timesheets were not reconciled to provider payments.

In addition, Department analysts relied on payroll hours reported in summary level cost reports from providers, but did not compare the information with supporting payroll documentation (such as time sheets) to ensure the hours reported were accurate.

In some cases, Department policy allows providers to settle their cost reports over a two year period in order to minimize settlements. This practice allows providers to claim payment for hours they did not provide in the current year and intend to make up the following year. This practice resulted in unallowable payments made to providers for services they did not provide.

We consider these internal control deficiencies to constitute a material weakness in internal controls over compliance.

### **Cause of Condition**

The Department does not have sufficient policies and procedures for service providers to follow to ensure payroll documentation was adequate. As a result, providers were unclear about what documentation was required to support payment claims.

The Department believes the cost report reconciliation process provides adequate support for provider payments. We concluded this process is inadequate to ensure Medicaid payments were paid only for allowable services.

### **Effect of Condition and Questioned Costs**

A statistical sampling method was used to randomly select 86 monthly payments, totaling \$767,616, from the population of 46,037 monthly payments totaling nearly \$360 million. We reconciled payments with individual provider timesheets and work schedules and found 52 payments, totaling \$49,194, were not supported by adequate payroll records, such as timesheets.

We are questioning \$24,609, which is the federal portion of the unallowable payments. When we project the results to the entire population of supported living payments, we estimate the Department made \$26,334,417 in unallowable payments to providers. The federal portion of the estimated total questioned cost is \$13,173,381.

In addition, we found four duplicate payments out of 46,037 total supported living payments to providers related to ProviderOne system defects. We expanded testing to identify all overpayments having similar system defects and found 12 additional payments. In total, we identified 16 payments, totaling \$38,152, were improperly issued to supported living providers due to system defects in the ProviderOne payment system. We are questioning \$19,088, which is the federal portion of the unallowable costs.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Compare provider payroll documentation with authorized hours and payment system billings to ensure services provided to individual clients reconcile with amounts claimed.
- Develop sufficient policies and procedures for providers to follow when documenting service hours provided to clients and compiling payroll records.
- Increase the rate and frequency of provider payroll reviews.
- Require providers to submit cost reports annually.
- Work with the federal grantor to determine if the cost report settlement process adequately supports provider payments.
- Seek recovery of funds paid to providers that did not maintain adequate payroll documentation or who were overpaid due to defects in the payment system.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*The Department does not concur with this finding.*

*RCW 71A.12.060 clearly provides the Secretary of the Department of Social and Health Services (Department) the authority to authorize payments for individuals in community residential programs. To date, the Secretary has authorized a system that requires payment for the total annual contracted Instruction and Support Services (ISS) hours to be reconciled to the actual hours provided. The approved system allows for more efficient use of taxpayer resources, by allowing additional staffing for peak demand, and allows for better service and flexibility by allowing providers to move resources to meet the daily changing needs of clients.*

*Using the annual cost report process (Developmental Disabilities Administration Policy 6.04), the Department verifies the ISS hours provided are equal to or exceed the total hours of service the Department has authorized. Through this verification system, if the actual ISS hours reported in the annual cost report are less than the total authorized hours for all clients served by the Supported Living (SL) provider or are not supported by documentation that shows that the reported hours were actually worked, the Department seeks recovery of any overpayment through the cost report settlement process (DDA Policy 6.04 (III)).*

*The system is designed to allow for resource flexibility by the SL provider throughout the year to enable the provider to meet the changing needs of the individual client. The Department requires, over a year's time, that clients within the agency receive all authorized ISS hours. Providers are given a calendar year to maintain the flexibility needed to address client instruction and support needs. Any*

*audit finding that considers a limited time frame does not accurately capture the entire delivery of service, or any corresponding annual underpayment or overpayment.*

*SL providers are required to complete an annual cost report. The cost report reconciles hours and ISS dollars authorized to hours and ISS dollars provided. The SL provider attests to the accuracy of the cost report. A settlement is issued to any SL provider who fails to meet either standard (delivery of hours or expenditure of dollars).*

*We believe the audit has erred in treating cost settlements in the same way as overpayments. Overpayments are the result of human or systemic errors or omissions in specific instances whereas cost settlements are based on reimbursement methodologies defined in policy, rule and contract. Cost settlements are typically done in the aggregate on an annual basis and not on a client by client or case by case basis. See 42 CFR, Section 413 –Principles of Reasonable Cost Reimbursement.*

*The Department has additional measures in place to further review or audit the provider cost reporting:*

- *The Department's Enterprise Risk Management Office (ERMO) will periodically audit selected providers.*
- *The Department's Aging and Long-Term Support Administration, Residential Care Services (RCS) performs a cursory review of hours provided as part of the certification evaluation process.*
- *If concerns are identified in the RCS certification evaluation, the Department will conduct an additional review of the SL provider.*

*The audit recommends the Department continues to improve internal controls to ensure SL providers maintain adequate documentation to support payments claimed against payroll records. Current Department policy requires additional schedules to report ISS hours in a format reconcilable to payroll records.*

*Currently, reviews are being conducted on roughly 20% of residential provider's ISS hours. The scope of this compliance review includes reconciliation of hours in the contract by households compared to employee payroll records delivered within the household. Consultation and training to service providers related to the tracking and documentation of ISS hours is provided at the time of the review.*

*Through policy revision, the Department has clarified the expectations that the service provider's payroll system must adequately document ISS hours delivered. Additionally, Department policy outlines acceptable margins of flexibility of ISS hours delivered. Training on these new policies occurred over the summer and fall of 2015.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We acknowledge the complexity of providing services to supported living clients and the changing needs of each client. However, neither the Department's reviews of annual cost reports or its additional measures reconciled provider payments to source documentation. Without this level of review, the Department was unable to demonstrate it met the federal requirement under OMB Circular A-87 that states in order for costs to be allowable, they must be adequately documented.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

Revised Code of Washington (RCW) 71A.12.060, Payment authorized for residents in community residential programs states:

The secretary is authorized to pay for all or a portion of the costs of care, support and training of residents of a residential habilitation center who are placed in community residential programs under this section and RCW 71A.12.070 and 71A.12.080.

The Department's *Division of Developmental Disabilities' Community Residential Service Contract, Section 11* states in part:

Maintenance of Records. The Contractor shall maintain records relating to this Contract and the performance of the services described herein. The records include, but are not limited to, accounting procedures and practices, which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Contract. All records and other materials relevant to this Contract shall be retained for six (6) years after expiration or termination of this contract.

**2015-050** The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure staff, with access to developmentally disabled clients, received a proper background check.

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid, Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Allowable Costs/Cost Principles, Special Tests and Provisions - Provider Eligibility
<b>Questioned Cost Amount:</b>	\$52,592

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

Almost \$3.8 billion of total Medicaid funds were spent by the Department of Social and Health Services. The Department paid more than \$360 million to supported living services providers for the care of more than 3,900 clients in fiscal year 2015.

The Department's Developmental Disabilities Administration (DDA) administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service of this program and is offered through staff of contracted supported living providers. Staff assist clients in activities of daily living and assist with the social and adaptive skills necessary to live in the community. DDA clients receiving supported living services reside in private residences. Client support varies from a few hours of staff assistance each month to as much as 24 hours a day.

The Department contracts with private agencies to provide supported living services to supported living clients. On June 30 2015, there were 116 supported living providers contracted with the Department.

All supported living service providers and their employees who are employed directly or by contract and have unsupervised access to supported living clients must successfully complete a background check through the Department's Background Check Central Unit (BCCU). A state background check is required, at minimum, every three years. If the individual resided outside of Washington within the past three consecutive years, they must also be screened through a national fingerprint-based background check.

State rule specifies a list of crimes that automatically disqualify individuals from having unsupervised access to adults receiving services from the Developmental Disabilities Administration.

The rule state, if an individual is found to have committed a non-disqualifying crime, they are not automatically disqualified. The provider must perform a Character, Competence and Suitability review to assess and determine if the individual may have unsupervised access to clients.

In prior audits we reported the Department did not ensure all staff at provider agencies with unsupervised access to clients with developmental disabilities had completed a proper background check before providing care to clients. The prior finding numbers were 2014-044, and 13-34.

### **Description of Condition**

In fiscal year 2015, 3,944 supported living clients received Medicaid services. We randomly selected 86 clients and identified 1,066 supported living staff assisted these clients.

We performed tests to determine if all staff who had unsupervised access to supported living clients completed background checks and to ensure the following eligibility requirements were met:

- A proper BCCU background check had been completed within the last three years.
- No individuals with disqualifying crimes provided support to clients at the time of the audit, or during the month(s) they worked.
- Staff with criminal records that were not automatically disqualified received a Character, Competency and Suitability (CCS) review permitting them to work unsupervised with supported living clients.
- The entire period when an individual had access to Medicaid clients was covered by a completed background check.
- Individuals who have not lived in Washington State for at least three consecutive years also completed a fingerprint-based background check as required by state law.

We found:

- One individual worked without having a background check.
- One individual worked with disqualifying background check results.
- Two individuals provided care to clients without a background check during part of the audit period.

Disqualified individuals are permitted to work with clients if they pass a Character, Competence, and Suitability (CCS) review conducted by the provider. We found one individual with a disqualifying background check had worked with supported living clients. The employee was hired by a supported living contractor prior to being charged with the disqualifying crime. The provider had no knowledge that a disqualifying crime occurred until the employee resigned voluntarily. The individual is no longer working for any supported living provider.

### **Cause of Condition**

During the audit period, we found the Department had internal controls in place and performed extensive provider training to ensure all supported living providers are aware of all program eligibility requirements. Since April 2014, the Department's contracted evaluators have begun performing on-site review of background check results for 100 percent of current employees for the providers they are evaluating. In addition, the Department increased random background check testing of supported living providers, which are carried out by the Department's Internal Audit Division.

However, the Department's monitoring of providers remains limited and infrequent due to lack of available resources.

### **Effect of Condition and Questioned Costs**

Any caregiver, or person who has direct, unsupervised contact with a client who does not meet the background check requirements is not eligible to provide services to Medicaid clients. When individuals who do not meet background check requirements have unsupervised access to vulnerable Medicaid clients, there is an increased risk of neglect, harm, exploitation and abuse.

The Department pays supported living contractors, who in turn pay their employees for services provided to Medicaid clients. We followed up with the Department and reviewed payroll documentation for the four individuals.

The following table summarizes \$105,120 in unallowable payments we identified in the audit by condition:

<b>Condition</b>	<b>Number of Individuals</b>	<b>Unallowable Payments</b>
Individuals working with disqualified background check results.	1	\$25,897
Individuals serving the client without a background check during part of the audit period.	2	\$69,853
Individuals with no background check completed	1	\$9,370
<b>Total individuals ineligible to provide services.</b>	<b>4</b>	<b>\$105,120</b>

We are questioning \$52,592, which is the federal portion of the unallowable payments. The federal share is calculated using the state’s Federal Medical Assistance Percentages (FMAP) rate.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support its expenditures.

**Recommendation**

We recommend the Department:

- Follow-up on background check results of supported living staff to ensure ineligible individuals do not have unsupervised access to vulnerable Medicaid clients.
- Ensure that all individuals’ background checks are renewed in a timely manner.
- Consult with the U.S. Department of Health and Human Services to discuss if repayment of the questioned costs is required.

**Department’s Response**

*The Department partially concurs with this finding.*

*The one staff with a disqualifying result worked for two supported living agencies. Both agencies ran an initial background check, both checks allowed the individual to work. During a renewal background check, one of the two agencies received a disqualifying result. That agency terminated the employee appropriately. The second agency was not required to run a renewal background check on the employee for several months. As the employee did not self-report, the second agency was not aware that he had a new disqualifying crime since his initial background check with their agency. The employee resigned prior to the required renewal background check. Both agencies were in compliance with the law, rules, policies, and contractual requirements.*

*The Department has demonstrated substantial improvement in background check compliance. This has been achieved through:*

- *Updating the Background Authorization policy and providing training to residential contracted providers and Department employees.*
- *Training for providers occurs regularly within each region and will continue into the next year.*
- *Continual monthly reviews conducted by the Enterprise Risk Management Office (ERMO) to ensure agencies are in compliance with background check laws, rules, and policies.*

*The Department will continue to take the following measures to ensure this positive trend:*

- *Provide ongoing training to Department employees and to the provider group.*
- *Dedicate a Department headquarters position available to provide direct support and consultation to providers on interpretation of result letters.*
- *Monitor for background check compliance through reviews conducted by ERMO and Residential Care Services (RCS) certification reviews.*
- *Continue to partner with the Background Check Central Unit.*

*The Department will continue its efforts to inform, educate, and train providers related to background check policy, rules, and WAC.*

### **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We agree that the Department ensured the employers of the individual in question followed the required background check procedure. However, the cost of services provided by disqualified individuals are not allowable, regardless of their employer's knowledge. This ultimately led our Office to question the costs.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

- (g) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

RCW 74.15.030, Powers and duties of secretary, states in part:

The secretary shall have the power and it shall be the secretary's duty:

- (2) In consultation with the children's services advisory committee, and with the advice and assistance of persons representative of the various type agencies to be licensed, to adopt and publish minimum requirements for licensing applicable to each of the various categories of agencies to be licensed.

The minimum requirements shall be limited to:

- (b) Obtaining background information and any out-of-state equivalent, to determine whether the applicant or service provider is disqualified and to determine the character, competence, and suitability of an agency, the agency's employees, volunteers, and other persons associated with an agency;
- (c) Conducting background checks for those who will or may have unsupervised access to children, expectant mothers, or individuals with a developmental disability; however, a background check is not required if a caregiver approves an activity pursuant to the prudent parent standard contained in [RCW 74.13.710](#);
- (e) Submitting a fingerprint-based background check through the Washington state patrol under chapter 10.97 RCW and through the federal bureau of investigation for:
  - (i) Agencies and their staff, volunteers, students, and interns when the agency is seeking license or relicense;

- (3) To investigate any person, including relatives by blood or marriage except for parents, for character, suitability, and competence in the care and treatment of children, expectant mothers, and developmentally disabled persons prior to authorizing that person to care for children, expectant mothers, and developmentally disabled persons.
- (5) To issue, revoke, or deny licenses to agencies pursuant to chapter 74.15 RCW and RCW 74.13.031. Licenses shall specify the category of care which an agency is authorized to render and the ages, sex and number of persons to be served;
- (7) To inspect agencies periodically to determine whether or not there is compliance with chapter 74.15 RCW and RCW 74.13.031 and the requirements adopted hereunder;
- (8) To review requirements adopted hereunder at least every two years and to adopt appropriate changes after consultation with affected groups for child day-care requirements and with the children's services advisory committee for requirements for other agencies; and,
- (9) To consult with public and private agencies in order to help them improve their methods and facilities for the care of children, expectant mothers and developmentally disabled persons.

RCW 43.43.830, Background checks – Access to children or vulnerable persons – definitions, states in part:

- (13) “Unsupervised” means not in the presence of:
  - (a) Another employee or volunteer from the same business or organization as the applicant; or
  - (b) Any relative or guardian of any of the children or developmentally disabled persons or vulnerable adults to which the applicant has access during the course of his or her employment or involvement with the business or organization.
- (14) “Vulnerable adult” means "vulnerable adult" as defined in chapter 74.34 RCW, except that for the purposes of requesting and receiving background checks pursuant to RCW 43.43.832, it shall also include adults of any age who lack the functional, mental, or physical ability to care for themselves.

WAC 388-101-3000 Definitions, states in part:

**"Client"** means a person who has a developmental disability as defined in RCW [71A.10.020](#)(4) and who also has been determined eligible to receive services by the division of developmental disabilities under chapter [71A.16](#) RCW. For purposes of informed consent and decision making requirements, the term "client" includes the client's legal representative to the extent of the representative's legal authority.

WAC 388-101-3245 Background check – General, states:

- (1) The department is authorized to conduct background checks under the background check requirements of this chapter and of chapter [388-113](#) WAC. Background checks include but are not limited to an inquiry into any of the following:

- (a) Department and department of health findings;
  - (b) Administrative actions taken by the department or by other agencies;
  - (c) Washington state criminal background check information from the Washington state patrol;
  - (d) National fingerprint-based background check information from the Federal Bureau of Investigation, when required; and
  - (e) Information from Washington state courts.
- (2) Nothing in this chapter should be interpreted as requiring the employment of a person against the better judgment of the service provider. In addition to chapter [71A.12 RCW](#), these rules are authorized by RCW [43.20A.710](#), RCW [43.43.830](#) through [43.43.842](#) and RCW [74.39A.056](#).

WAC 388-101-3250, Background checks – Requirements for service providers, states:

- (1) Service providers must follow the background check requirements described in chapter 388-133 WAC and in this chapter. In the event of an inconsistency, this chapter applies.
- (2) The service provider must obtain background checks from the department for all administrators, employees, volunteers, students, and subcontractors who may have unsupervised access to clients.
- (3) The service provider must not allow the following persons to have unsupervised access to clients until the service provider receives the department's background check results:
  - (a) Administrators;
  - (b) Employees;
  - (c) Volunteers or students; and
  - (d) Subcontractors.
- (4) If the department's background check results show an administrator, employee, volunteer, student, or subcontractor has any of the following, then the service provider must prevent that person from having unsupervised access to clients:
  - (a) A disqualifying conviction or pending criminal charge under chapter 388-113 WAC; or
  - (b) A disqualifying negative action under WAC 388-101-3090.
- (5) If the background check results show any of the following, then the service provider must conduct a character, suitability, and competence review before allowing the person unsupervised access to clients:
  - (a) The person has a conviction or pending criminal charge, but the conviction or criminal charge is not disqualifying under WAC [388-113-0020](#);
  - (b) The person has a conviction or pending criminal charge that meets one of the exceptions listed in WAC [388-113-0040](#); or
  - (c) Any of the circumstances described in WAC [388-101-3080](#) apply to the individual.
- (6) When a service provider receives the results of a person's background check, the service provider must:
  - (a) Inform the person of the results of the background check;
  - (b) Inform the person that they may request a copy in writing of the results of the background check. If requested, a copy of the background check results must be provided within ten working days of the request; and
  - (c) Notify the department and other appropriate licensing or certification agency of any person resigning or terminated as a result of having a conviction record.

- (7) The service provider must renew the Washington state background check for each administrator, employee, volunteer, student, or subcontractor of a service provider. The service provider must at least every thirty-six months keep current background check results for each administrator, employee, volunteer, student, or subcontractor of a service provider.
- (8) Licensed assisted living facilities or adult family homes must adhere to the current regulations in this chapter and in the applicable licensing laws.
- (9) All applicants for certification must have a background check.

WAC 388-101-3255 Background checks—Provisional hire—Pending results.

Persons identified in WAC 388-101-3250 and who have lived in Washington state less than three years, or who are otherwise required to complete a fingerprint-based background check, may be hired for a one hundred twenty-day provisional period when:

- (1) The person is not disqualified based on the initial results of the background check from the department; and
- (2) A national fingerprint-based background check is pending.

WAC 388-113-0020 Which criminal convictions and pending charges automatically disqualify an individual from having unsupervised access to adults or minors who are receiving services in a program under chapters 388-71, 388-101, 388-76, 388-78A, 388-97, 388-825, and 388-107 WAC?

- (1) Individuals who must satisfy background checks requirements under chapters 388-71, 388-101, 388-76, 388-78A, 388-97, 388-825, and 388-107 WAC may not work in a position that may involve unsupervised access to minors or vulnerable adults if he or she has been convicted of or has a pending charge for one of the following crimes:
  - (a) Abandonment of a child;
  - (b) Abandonment of a dependent person;
  - (c) Abuse or neglect of a child;
  - (d) Arson 1;
  - (e) Assault 1;
  - (f) Assault 2;
  - (g) Assault 3;
  - (h) Assault 4/simple assault (less than three years);
  - (i) Assault of a child;
  - (j) Burglary 1;
  - (k) Child buying or selling;
  - (l) Child molestation;
  - (m) Coercion (less than five years);
  - (n) Commercial sexual abuse of a minor/patronizing a juvenile prostitute;
  - (o) Communication with a minor for immoral purposes;
  - (p) Controlled substance homicide;
  - (q) Criminal mistreatment;
  - (r) Custodial assault;
  - (s) Custodial interference;
  - (t) Custodial sexual misconduct;
  - (u) Dealing in depictions of minor engaged in sexual explicit conduct;

- (v) Domestic violence (felonies only);
- (w) Drive-by shooting;
- (x) Drug crimes, if they involve one or more of the following:
  - (i) Manufacture of a drug;
  - (ii) Delivery of a drug; and
  - (iii) Possession of a drug with the intent to manufacture or deliver.
- (y) Endangerment with a controlled substance;
- (z) Extortion;
- (aa) Forgery (less than five years);
- (bb) Homicide by abuse, watercraft, vehicular homicide (negligent homicide);
- (cc) Identity theft (less than five years);
- (dd) Incendiary devices (possess, manufacture, dispose);
- (ee) Incest;
- (ff) Indecent exposure/public indecency (felony);
- (gg) Indecent liberties;
- (hh) Kidnapping;
- (vi) Luring;
- (jj) Malicious explosion 1;
- (kk) Malicious explosion 2;
- (ll) Malicious harassment;
- (mm) Malicious placement of an explosive 1;
- (nn) Malicious placement of an explosive 2 (less than five years);
- (oo) Malicious placement of imitation device 1 (less than five years);
- (pp) Manslaughter;
- (qq) Murder/aggravated murder;
- (rr) Possess depictions minor engaged in sexual conduct;
- (ss) Promoting pornography;
- (tt) Promoting prostitution 1;
- (uu) Promoting suicide attempt (less than five years);
- (vv) Prostitution (less than three years);
- (ww) Rape;
- (xx) Rape of child;
- (yy) Residential burglary;
- (zz) Robbery;
- (aaa) Selling or distributing erotic material to a minor;
- (bbb) Sending or bringing into the state depictions of a minor engaged in sexually explicit conduct;
- (ccc) Sexual exploitation of minors;
- (ddd) Sexual misconduct with a minor;
- (eee) Sexually violating human remains;
- (fff) Stalking (less than five years);
- (ggg) Theft 1;
- (hhh) Theft 2 (less than five years);
- (vii) Theft 3 (less than three years);
- (jjj) Unlawful imprisonment
- (kkk) Unlawful use of building for drug purposes (less than 5 years);

- (lll) Use of machine gun in a felony;
  - (mmm) Vehicular assault;
  - (nnn) Violation of temporary restraining order or preliminary injunction involving sexual or physical abuse to a child;
  - (ooo) Violation of a temporary or permanent vulnerable adult protection order (VAPO) that was based upon abandonment, abuse, financial exploitation, or neglect; and
  - (ppp) Voyeurism.
- (2) If "(less than five years)" or "(less than three years)" appears after a crime listed in subsection (1) above, the individual is not automatically disqualified if the required number of years has passed since the date of the conviction. For example, if three or more years have passed since an individual was convicted of Theft in the 3rd degree that conviction would not be automatically disqualifying. If the required number of years has passed, the employer must conduct an overall assessment of the person's character, competence, and suitability before allowing unsupervised access to vulnerable adults and minors.
- (3) When the department determines that a conviction or pending charge in federal court or in any other court, including state court is equivalent to a Washington state crime that is disqualifying under this section, the equivalent conviction or pending charge is also disqualifying.

**2015-051 The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions – Provider Eligibility
<b>Known Questioned Cost Amount:</b>	\$153,536
<b>Likely Questioned Cost Amount:</b>	\$2,632,334

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state’s largest program and accounts for approximately one third of the state’s federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

Almost \$3.8 billion of total Medicaid funds were spent by the Department of Social and Health Services. The Department paid approximately \$138 million to 2,400 Adult Family Home providers.

Medicaid is the primary funding source for long-term care providers. The Medicaid Home and Community Based Services program permits states to furnish long-term care services to Medicaid beneficiaries in community settings. These services are provided in adult family homes by individuals or agencies most often chosen by the Medicaid client or their family.

All providers must meet basic qualifications to provide services to Medicaid clients, which include background checks, certifications and training. Adult Family Home providers and their employees

must complete a state background check every two years and, effective January 8, 2012, a national fingerprint background check through the Department's Background Check Central Unit.

The Department's Aging and Long-Term Support Administration, Residential Care Services division is responsible for ensuring all adult family homes and their providers meet and maintain minimum licensing requirements to serve Medicaid clients. The Department performs an inspection of all adult family homes at least every 18 months to ensure the adult family home provider is in compliance with all requirements to remain eligible to provide Medicaid services to clients. During the inspection, Department staff review background check result letters for the provider, resident manager and all adult family home employees to ensure they are eligible to work and have completed the required background check every two years.

The Department's Secretary establishes a list of crimes that automatically disqualify individuals from having unsupervised access to vulnerable clients. This list was referred to as "the Secretary's List" but now has been incorporated in regulation, WAC 388-113. Individuals that commit any crime listed in state rule are automatically prohibited from *"licensing, contracting, certification, or from having unsupervised access to children, vulnerable adults or to individuals with a developmental disability."*

If an individual is found to have committed a crime not listed in state rule, they are not automatically disqualified. The provider must perform a Character, Competence and Suitability review to assess and determine if the individual may have unsupervised access to clients.

In prior audits we reported the Department did not ensure providers completed background checks before providing services to Medicaid clients. We also found providers did not ensure staff met all background check requirements before providing care to vulnerable adult clients. The prior finding numbers were 2014-048, and 13-37.

### **Description of Condition**

#### *Adult Family Home providers:*

During fiscal year 2015, approximately 16 percent of all Medicaid payments made by the Department under the Home and Community Based Services Program were made to adult family home providers. We randomly selected 140 Adult Family Homes authorized to accept Medicaid clients from a total population of 2,400 to ensure that:

- A proper background check had been completed by the provider within the last two years.
- No individuals with disqualifying crimes listed in state rule provided care to vulnerable adult clients at the time of the audit, or during the month(s) in which the provider received payment from the Department.

- Staff with criminal records that were not listed in state rule of Automatically Disqualifying Convictions and Pending Charges passed a Character, Competence and Suitability (CCS) review permitting them to work unsupervised with vulnerable adults.
- The entire period in which the provider had access to Medicaid clients was covered by a Washington State background check.

The Department did not have adequate internal controls in place to ensure providers renew background checks in a timely manner. We found 20 (14 percent) of the 140 providers we randomly selected did not renew their background checks timely and therefore received unallowable Medicaid payments. The following table shows the range of months the providers were paid for services without a background check:

<b>Number of months clients received services paid by Medicaid by a provider without a background check</b>	<b>Number of Providers</b>
1-2 Months	12
3-6 Months	4
7-8 Months	4
<b>Total</b>	<b>20</b>

We consider this internal control deficiency to constitute a material weakness.

*Adult Family Home employees:*

Using wage information reported by employers, we identified 564 employees working for the 140 adult family home providers in fiscal year 2015. In addition, a social security number and date-of-birth match was performed with the Department’s background check database to determine if background checks were completed for each employee.

We found:

- Fourteen individuals with overdue background checks continued to work during the audit period without completing a renewal.
- Fifteen instances when there was no evidence a Character, Competence and Suitability (CCS) review was completed for provider employees.

One employee with an automatically disqualifying criminal history worked for a facility during the audit period. That facility has since closed. Therefore, the individual is no longer providing care to AFH clients; however, the provider did not present evidence of termination for this individual or if they worked supervised with residents.

We were not able to determine if records for 16 adult family home employees selected for testing included proper background checks because their employers did not respond to our request for information.

### **Cause of Condition**

The Department has procedures in place to ensure adult family homes meet minimum licensing requirements. However, there is a high rate of employee turnover in adult family homes, which increases the risk of provider noncompliance with state and federal background check requirements.

Residential Care Services licensors examine the records of 100 percent of adult family home staff for background checks during their on-site visits. Due to the Department's regulatory scope and allotted resources, unless there is a complaint, up to 18 months may pass before an adult family home receives another inspection from the Department, which could allow a significant period of time for an individual to work without a background check before being terminated by their provider. This measure is only effective in detecting individuals who are *currently* working without a background check at the time of inspection.

### **Effect of Condition and Questioned Costs**

When providers who do not meet background check requirements have unsupervised access to vulnerable Medicaid clients, there is an increased risk of neglect, harm, exploitation and abuse. Therefore, providers who do not meet the background check requirement are not eligible to provide services to Medicaid clients. Any payments made by the Department to ineligible providers are unallowable.

The Department paid a total of \$306,921 to the 20 providers we found did not complete a required background check timely. We are questioning the federal portion of these payments of \$153,536, calculated using the state's Federal Medical Assistance Percentage (FMAP) rate.

A statistical sampling method was used to randomly select the providers examined in the audit. When the results are projected to the entire population of 2,400 Adult Family Home providers, we estimate the amount of unallowable payments to be \$5,261,511.

We are questioning \$2,632,334 as likely questioned costs, which would be the federal share of the estimated unallowable payments calculated using the same FMAP rate.

We question costs when we find an agency has not complied with state or federal regulations, and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Improve internal controls to ensure adult family home providers complete background checks in a timely manner.
- Strengthen its monitoring of adult family home providers to ensure they perform adequate background checks for all caregivers, representatives and resident managers who are employed directly or by contract.
- Follow-up on background check results for those who did not have a Character, Competence and Suitability review and ensure disqualified caregivers do not have unsupervised access to vulnerable Medicaid adults.
- Consult with the U.S. Department of Health and Human Services to determine if repayment of the questioned costs is required.

## **Department's Response**

*The Department partially agrees with this finding.*

*It is the Adult Family Home (AFH) provider's responsibility to ensure background checks are being submitted timely. In addition, AFH home licensing regulations only require the provider to keep the background check for two years after the date an employee either quits or is terminated. This further complicates the Department's ability to verify if the background checks are valid.*

*Due to the Department's allotted resources and lack of access to employment/payroll records of AFH staff, we feel our current Management Bulletin #R14-009 from April 2014, which requires licensors to examine all employee background checks while conducting their on-site visits, is meeting our regulatory obligation. Since November 2015, the Department has required licensors conducting their on-site visits to check the background checks of anyone who worked in the AFH home since the previous inspection, even if they no longer work in the home. We believe this further strengthens our monitoring of AFH providers and staff.*

*Not all action steps from corrective action plan for audit 2014-048 were completed before the auditor's sample was pulled for this review. Therefore, we believe the results from this audit period may not reflect the effectiveness of all actions from the previous corrective action plan.*

*Thank you for the opportunity to improve our processes for AFH provider background checks. Residential Care Services takes their regulatory role seriously and we are committed to the safety of our residents.*

## **Auditor's Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

We acknowledge the corrective measures taken by the Department to date, and agree that the results of these measures will take time to become effective.

We reaffirm our finding and will review the status of the Department's corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Appendix A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines, state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

RCW 74.39A.056, Criminal history checks on long-term care workers, states:

(1) (a) All long-term care workers shall be screened through state and federal background checks in a uniform and timely manner to verify that they do not have a criminal history that would disqualify them from working with vulnerable persons. The department must perform criminal background checks for individual providers and prospective individual providers and make the information available as provided by law.

- (b) (i) Except as provided in (b)(ii) of this subsection, for long-term care workers hired after January 7, 2012, the background checks required under this section shall include checking against the federal bureau of investigation fingerprint identification records system and against the national sex offenders registry or their successor programs. The department shall require these long-term care workers to submit fingerprints for the purpose of investigating conviction records through both the Washington state patrol and the federal bureau of investigation. The department shall not pass on the cost of these criminal background checks to the workers or their employers.
- (ii) This subsection does not apply to long-term care workers employed by community residential service businesses until January 1, 2016.
- (c) The department shall share state and federal background check results with the department of health in accordance with RCW 18.88B.080.
- (2) No provider, or its staff, or long-term care worker, or prospective provider or long-term care worker, with a stipulated finding of fact, conclusion of law, an agreed order, or finding of fact, conclusion of law, or final order issued by a disciplining authority or a court of law or entered into a state registry with a final substantiated finding of abuse, neglect, exploitation, or abandonment of a minor or a vulnerable adult as defined in chapter 74.34 RCW shall be employed in the care of and have unsupervised access to vulnerable adults.
- (3) The department shall establish, by rule, a state registry which contains identifying information about long-term care workers identified under this chapter who have final substantiated findings of abuse, neglect, financial exploitation, or abandonment of a vulnerable adult as defined in RCW 74.34.020. The rule must include disclosure, disposition of findings, notification, findings of fact, appeal rights, and fair hearing requirements. The department shall disclose, upon request, final substantiated findings of abuse, neglect, financial exploitation, or abandonment to any person so requesting this information. This information must also be shared with the department of health to advance the purposes of chapter 18.88B RCW.
- (4) The department shall adopt rules to implement this section.

WAC 388-76-10015, License-Adult family home-compliance required, states:

- (1) The licensed adult family home must comply with all the requirements established in chapters 70.128, 70.129, 74.34 RCW, this chapter and other applicable laws and regulations including chapter 74.39A RCW; and
- (2) The provider is ultimately responsible for the day-to-day operation of each licensed home.
- (3) The provider must promote the health, safety, and well-being of each resident residing in each licensed adult family home.

WAC 388-76-10161, Background checks -- Who is required to have.

- (1) An adult family home applicant and anyone affiliated with an applicant must have the following background checks before licensure:
  - (a) A Washington state name and date of birth background check; and
  - (b) If applying after January 7, 2012, a national fingerprint background check.
- (2) The adult family home must ensure that all caregivers, entity representatives, and resident managers who are employed directly or by contract after January 7, 2012, have the following background checks:
  - (a) A Washington state name and date of birth background check; and
  - (b) A national fingerprint background check.
- (3) All household members over the age of eleven, volunteers, students, and noncaregiving staff who may have unsupervised access to residents must have a Washington state name and date of birth background check. They are not required to have a national fingerprint background check

WAC 388-76-10165 Background checks – Washington State name and date of birth background check – Valid for two years – National fingerprint background check – Valid indefinitely, states:

- (1) A Washington state name and date of birth background check is valid for two years from the initial date it is conducted. The adult family home must ensure:
  - (a) A new DSHS background authorization form is submitted to the department's background check central unit every two years for each individual listed in WAC 388-76-10161;
  - (b) There is a valid Washington state background check for all individuals listed in WAC 388-76-10161.
- (2) A national fingerprint background check is valid for an indefinite period of time. The adult family home must ensure there is a valid national fingerprint background check for individuals hired after January 7, 2012 as caregivers, entity representatives or resident managers. To be considered valid, the individual must have completed the national fingerprint background check through the background check central unit after January 7, 2012.

WAC 388-76-10166 Background checks – Household members, noncaregiving and unpaid staff – Unsupervised access.

- (1) The adult family home must not allow individuals specified in WAC [388-76-10161\(3\)](#) to have unsupervised access to residents until the home receives results of the Washington state name and date of birth background check from the department.
- (2) If the background check results show that an individual specified in WAC [388-76-10161](#) has a criminal conviction or pending charge for a crime that is not automatically disqualifying under chapter [388-113](#) WAC, then the adult family home must:
  - (a) Determine whether or not the person has the character, competence and suitability to have unsupervised access to residents; and
  - (b) Document in writing the basis for making the decision.

- (c) Nothing in this section should be interpreted as requiring the employment of any person against the better judgment of the adult family home.

WAC 388-76-10175 Background checks – Employment – Conditional hire – Pending results of Washington state name and date of birth background check, states:

An adult family home may conditionally employ a person directly or by contract, pending the result of a Washington state name and date of birth background check, provided the home:

- (1) Submits the Washington state name and date of birth background check no later than one business day after conditional employment;
- (2) Requires the individual to sign a disclosure statement and the individual denies having a disqualifying criminal conviction or pending charge for a disqualifying crime under chapter [388-113](#) WAC, or a negative action that is listed in WAC [388-76-10180](#);
- (3) Does not allow the individual to have unsupervised access to any resident;
- (4) Ensures direct supervision, as defined in WAC [388-76-10000](#), of the individual; and
- (5) Ensures the individual is competent and receives the necessary training to perform assigned tasks and meets the staff training requirements under chapter [388-112](#) WAC.

WAC 388-76-10176 Background checks – Employment – Provisional hire – Pending results of national fingerprint check.

The adult family home may provisionally employ individuals hired after January 7, 2012 and listed in WAC 388-76-10161(2) for one hundred twenty-days and allow those individuals to have unsupervised access to residents when:

- (1) The individual is not disqualified based on the results of the Washington state name and date of birth background check; and
- (2) The results of the national fingerprint background check are pending.

WAC 388-76-10180 Background checks – Employment – Disqualifying information. [Disqualifying negative actions] states:

- (1) The adult family home must not employ, directly or by contract, a caregiver, entity representative, or resident manager if:
  - (a) The caregiver, entity representative or resident manager will have unsupervised access to vulnerable adults, as defined in RCW [43.43.830](#); and either:
  - (b) The caregiver, entity representative or resident manager has a disqualifying criminal conviction or pending charge for a disqualifying crime under chapter [388-113](#) WAC; or
  - (c) The caregiver, entity representative, or resident manager has one or more of the following negative actions:

- (i) A court has issued a permanent restraining order or order of protection, either active or expired, against the person that was based upon abuse, neglect, financial exploitation, or mistreatment of a child or vulnerable adult;
- (ii) The individual is a registered sex offender;
- (iii) The individual is on a registry based upon a final finding of abuse, neglect or financial exploitation of a vulnerable adult, unless the finding was made by adult protective services prior to October 2003;
- (iv) A founded finding of abuse or neglect of a child was made against the person, unless the finding was made by child protective services prior to October 1, 1998;
- (v) The individual was found in any dependency action to have sexually assaulted or exploited any child or to have physically abused any child;
- (vi) The individual was found by a court in a domestic relations proceeding under Title 26 RCW, or under any comparable state or federal law, to have sexually abused or exploited any child or to have physically abused any child;
- (vii) The person has had a contract or license denied, terminated, revoked, or suspended due to abuse, neglect, financial exploitation, or mistreatment of a child or vulnerable adult; or
- (viii) The person has relinquished a license or terminated a contract because an agency was taking an action against the individual related to alleged abuse, neglect, financial exploitation or mistreatment of a child or vulnerable adult.

WAC 388-76-10181 Background checks – Employment – Nondisqualifying information.

- (1) If any background check results show that an employee or prospective employee has a criminal conviction or pending charge for a crime that is not disqualifying under chapter 388-113 WAC, then the adult family home must:
  - (a) Determine whether the person has the character, competence and suitability to work with vulnerable adults in long-term care; and
  - (b) Document in writing the basis for making the decision, and make it available to the department upon request.
- (2) Nothing in this section should be interpreted as requiring the employment of any person against the better judgment of the adult family home.

WAC 388-113-0020 Which criminal convictions and pending charges automatically disqualify an individual from having unsupervised access to adults or minors who are receiving services in a program under chapters 388-71, 388-101, 388-76, 388-78A, 388-97, 388-825, and 388-107 WAC?

- (1) Individuals who must satisfy background checks requirements under chapters 388-71, 388-101, 388-76, 388-78A, 388-97, 388-825, and 388-107 WAC may not work in a position that may involve unsupervised access to minors or vulnerable adults if he or she has been convicted of or has a pending charge for one of the following crimes:
  - (a) Abandonment of a child;

- (b) Abandonment of a dependent person;
- (c) Abuse or neglect of a child;
- (d) Arson 1;
- (e) Assault 1;
- (f) Assault 2;
- (g) Assault 3;
- (h) Assault 4/simple assault (less than three years);
- (i) Assault of a child;
- (j) Burglary 1;
- (k) Child buying or selling;
- (l) Child molestation;
- (m) Coercion (less than five years);
- (n) Commercial sexual abuse of a minor/patronizing a juvenile prostitute;
- (o) Communication with a minor for immoral purposes;
- (p) Controlled substance homicide;
- (q) Criminal mistreatment;
- (r) Custodial assault;
- (s) Custodial interference;
- (t) Custodial sexual misconduct;
- (u) Dealing in depictions of minor engaged in sexual explicit conduct;
- (v) Domestic violence (felonies only);
- (w) Drive-by shooting;
- (x) Drug crimes, if they involve one or more of the following:
  - (i) Manufacture of a drug;
  - (ii) Delivery of a drug; and
  - (iii) Possession of a drug with the intent to manufacture or deliver.
- (y) Endangerment with a controlled substance;
- (z) Extortion;
- (aa) Forgery (less than five years);
- (bb) Homicide by abuse, watercraft, vehicular homicide (negligent homicide);
- (cc) Identity theft (less than five years);
- (dd) Incendiary devices (possess, manufacture, dispose);
- (ee) Incest;
- (ff) Indecent exposure/public indecency (felony);
- (gg) Indecent liberties;
- (hh) Kidnapping;
- (ii) Luring;
- (jj) Malicious explosion 1;
- (kk) Malicious explosion 2;
- (ll) Malicious harassment;
- (mm) Malicious placement of an explosive 1;
- (nn) Malicious placement of an explosive 2 (less than five years);
- (oo) Malicious placement of imitation device 1 (less than five years);
- (pp) Manslaughter;
- (qq) Murder/aggravated murder;
- (rr) Possess depictions minor engaged in sexual conduct;

- (ss) Promoting pornography;
  - (tt) Promoting prostitution 1;
  - (uu) Promoting suicide attempt (less than five years);
  - (vv) Prostitution (less than three years);
  - (ww) Rape;
  - (xx) Rape of child;
  - (yy) Residential burglary;
  - (zz) Robbery;
  - (aaa) Selling or distributing erotic material to a minor;
  - (bbb) Sending or bringing into the state depictions of a minor engaged in sexually explicit conduct;
  - (ccc) Sexual exploitation of minors;
  - (ddd) Sexual misconduct with a minor;
  - (eee) Sexually violating human remains;
  - (fff) Stalking (less than five years);
  - (ggg) Theft 1;
  - (hhh) Theft 2 (less than five years);
  - (iii) Theft 3 (less than three years);
  - (jjj) Unlawful imprisonment
  - (kkk) Unlawful use of building for drug purposes (less than 5 years);
  - (lll) Use of machine gun in a felony;
  - (mmm) Vehicular assault;
  - (nnn) Violation of temporary restraining order or preliminary injunction involving sexual or physical abuse to a child;
  - (ooo) Violation of a temporary or permanent vulnerable adult protection order (VAPO) that was based upon abandonment, abuse, financial exploitation, or neglect; and
  - (ppp) Voyeurism.
- (2) If "(less than five years)" or "(less than three years)" appears after a crime listed in subsection (1) above, the individual is not automatically disqualified if the required number of years has passed since the date of the conviction. For example, if three or more years have passed since an individual was convicted of Theft in the 3rd degree that conviction would not be automatically disqualifying. If the required number of years has passed, the employer must conduct an overall assessment of the person's character, competence, and suitability before allowing unsupervised access to vulnerable adults and minors.
- (3) When the department determines that a conviction or pending charge in federal court or in any other court, including state court is equivalent to a Washington state crime that is disqualifying under this section, the equivalent conviction or pending charge is also disqualifying.

**2015-052 The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers for cost of care adjustments were allowable.**

<b>Federal Awarding Agency:</b>	U.S. Department of Health and Human Services
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	93.775 State Medicaid Fraud Controls 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare 93.778 Medical Assistance Program (Medicaid; Title XIX) 93.778A Medical Assistance Program (Medicaid; Title XIX) – American Recovery and Reinvestment Act (ARRA)
<b>Federal Award Number:</b>	5-1505WA5MAP; 5-1505WA5ADM; 5-1505WAIMPL; 5-1505WAINCT
<b>Applicable Compliance Component:</b>	Activities Allowed/Unallowed Allowable Costs/Cost Principles
<b>Questioned Cost Amount:</b>	\$20,629
<b>Likely Questioned Cost Amount:</b>	\$285,442

## **Background**

Medicaid is a jointly funded state and federal partnership providing coverage for approximately 1.8 million eligible low-income individuals who otherwise might go without medical care. Medicaid is the state's largest program and accounts for approximately one third of the state's federal expenditures. The state Medicaid program spent approximately \$11.3 billion in federal and state funds during fiscal year 2015.

The Department's Developmental Disabilities Administration administers the Home and Community Based Services program for people with developmental disabilities. Supported living is a core service of this program and is delivered by staff of contracted supported living providers. Contractor employees assist clients in activities of daily living and with the social and adaptive skills necessary to live in the community.

The Department uses an assessment to evaluate a client's support needs. The results of the assessment are used to calculate the number of support hours a client needs to live in the community. The assessment predicts a level of care as if the client lives alone but most live with other clients. Since many support hours can be shared with roommates, the Department looks for shared hour opportunities to help providers care for clients in a cost effective manner.

When a client is temporarily out of the home, a provider can request a cost of care adjustment to cover the administrative and staff support costs necessary to maintain the residence and the client's affairs. If a client permanently leaves the household, providers can request a cost of care adjustment to maintain the household's shared supports until a new housemate can be found.

In fiscal year 2015, the Department paid supported living providers nearly \$1.5 million for approximately 1,000 care adjustments.

Providers complete a cost of care adjustment request form (DSHS 06-124) and are required to include a justification that substantiates the need for the payment. Depending on the type of rate claimed, providers submit varying levels of justification to document and support the need for additional funds. Providers submit the form to a Department resource manager who reviews the form for accuracy and completeness and forwards the form to their supervisor for final approval and payment authorization. To be allowable, claims for payment must be submitted within one year of the service.

In prior audits, we found the Department did not have adequate internal controls to ensure cost of care adjustments were allowable. The prior finding numbers were 2014-041 and 2013-038.

### **Description of Condition**

The Department's review process was not effective to ensure cost of care adjustment requests contained the required elements to be allowable.

We randomly selected and examined 64 payments for cost of care adjustment, totaling \$183,596, and found:

- Documentation for eleven payments, totaling \$27,598, did not contain sufficient justification to support the payment.
- Two claims, totaling \$6,885, were processed more than one year after the date of service.
- One payment, totaling \$8, was made for more than the authorized amount.
- One payment, totaling \$2,695, was inaccurately calculated, which led to an overpayment.

Additionally, the Department's record keeping practices were not adequate to ensure cost of care adjustment forms were retained. We found three payments, totaling \$4,059, were made without an authorized cost of care adjustment form on file.

We consider these internal control weaknesses to constitute a material weakness in internal controls over compliance.

## **Cause of Condition**

Some providers were not knowledgeable about the required justification necessary to support their request for a cost of care adjustment. Some Department staff were not aware of policies and guidelines when reviewing and approving allowable cost of care adjustment requests and approving payments. Calculations and entries into the payment system were not reviewed for accuracy.

## **Effect of Condition and Questioned Costs**

A statistical sampling method was used to randomly select the 64 cost of care adjustment payments, totaling \$183,596, we examined from a population of 984 monthly payments totaling nearly \$1.5 million. We found 18 payments totaling \$41,245 were not supported by adequate documentation.

We are questioning \$20,629, which is the federal portion of the unallowable payments. When we project the results to the entire population of cost of care payments, we estimate the Department paid \$570,668 for unallowable payments to providers. The federal portion of the estimated total questioned cost is \$285,442.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

## **Recommendation**

We recommend the Department:

- Provide training to providers and Department staff regarding policies, procedures, and required documentation to support allowable payments for cost of care adjustments.
- Ensure Department supervisors follow policies and procedures to ensure cost of care adjustments are adequately supported and completed in compliance with Department policies.
- Consult with the U.S. Department of Health and Human Services to discuss repayment of the questioned costs.

## **Department's Response**

*The Department does not concur with this finding.*

*The Department disagrees with the comment in the first bullet of the Description of Condition, "...did not contain sufficient justification to support the payment."*

*Most of the sampled forms for Cost of Care Adjustments (COCA) contained justification per Department policy requirements. The Resource Managers who reviewed the services made recommendations and the Resource Administrators who approved the services, based their decisions on the justifications that were provided on the forms.*

*The Department strongly takes issue with the following statements in the audit:*

- *“Some providers were not knowledgeable about the required justification necessary to support their request for a cost of care adjustment.”*
- *“Some Department staff were not aware of policies and guidelines when reviewing and approving allowable cost of care adjustment requests and approving payments.”*
- *“Calculations and entries into the payment system were not reviewed for accuracy.”*

*The Department has provided in-depth training for both staff and providers after policy and the required forms were updated.*

*The Department agrees with the remaining four payments that two were paid more than a year after the date of service, one was overpaid by \$8 and that one was inaccurately calculated.*

*The Department will continue to monitor for accuracy and compliance with the requirements.*

### **Auditor’s Concluding Remarks**

We thank the Department for its cooperation and assistance throughout the audit.

The Department’s guidelines for Cost of Care Adjustments states in part, “The service provider will include detailed justification for the requested hours...” In our judgment, the exceptions contested by the Department did not contain detailed justification from providers. OMB Circular A-87 states that to be allowable under federal awards, costs must be adequately documented.

We reaffirm our finding and will review the status of the Department’s corrective action during our next audit.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

#### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

- ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

OMB Circular A-87, 2 CFR § 225: Cost Principles for State, Local and Indian Tribal Governments; Attachment A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of 2 CFR part 225, Appendix A.
  - c. Be authorized or not prohibited under State or local laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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, as follows:

- .11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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.

Revised Code of Washington (RCW) 71A.12.060, Payment authorized for residents in community residential programs states:

The secretary is authorized to pay for all or a portion of the costs of care, support and training of residents of a residential habilitation center who are placed in community residential programs under this section and RCW 71A.12.070 and 71A.12.080.

Developmental Disabilities Administration Policy 6.02, states in part:

#### Definitions

Cost-of-Care Adjustment means a reimbursement adjustment intended to cover the necessary costs of non-variable staff support and administration to provide services to clients when there is a temporary loss of a client served by the agency.

#### E. Cost of Care Adjustments (COCA)

1. When there is a potential COCA, the division shall consider with the contractor whether a COCA adjustment or rate reassessment for clients sharing the household is most appropriate.
2. Each COCA authorization may be approved for a maximum of three (3) months. COCAs beyond three (3) months may be approved by exception to policy by the Regional Administrator.
3. The COCA must not exceed the total daily rate of the client who temporarily left the program.
4. For adults receiving SL/GH/GTH services:
  - a. The COCA applies to existing or new programs.
  - b. The COCA may not exceed the cost of care per client when the program is operating at full capacity.
  - c. A COCA may be authorized under the following circumstances:
    - i. As part of a resident “phase-in” process when a new program is being developed or an existing program is being expanded; and
    - ii. In an existing program when a client shares support hours with other clients and moves out, either permanently or temporarily, and there is no other

client available to move in immediately or the client's home must be maintained until the client's return.

**2015-053 The Department of Social and Health Services did not have adequate internal controls in place and did not comply with the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.959 Block Grants for Prevention and Treatment of Substance Abuse  
**Federal Award Number:** 2B08TI010056-13; 2B08TI010056-14; 2B08TI010056-15  
**Applicable Compliance Component:** Level of Effort  
**Questioned Cost Amount:** None

**Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Department subawards some of the funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Department spent over \$38 million in grant funds during fiscal year 2015.

Federal regulations require the Department to maintain state spending at certain levels in order to meet federal grant requirements. Specifically for the Block Grants for Prevention and Treatment of Substance Abuse, the Department 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.
- Tuberculosis services at a level that is not less than the average calculated in fiscal year 1991 and 1992.
- Authorized activities at a level that is not less than the average of the previous two years spending for the program.

We reported a finding in the fiscal year 2014 audit for the Department not meeting level of effort requirements. This was reported as finding number 2014-051.

**Description of Condition**

The Department did not have internal controls in place to ensure it complied with the first two requirements listed above. In both cases the Department had no ongoing monitoring and waited until the end of each fiscal year to determine whether they were in compliance.

During the audit period the Department began to track the third requirement listed above, but it was not adequate to prevent material noncompliance. We determined the Department did not meet the state spending requirement for fiscal year 2015.

We consider these internal control weaknesses to constitute a material weakness.

### **Cause of Condition**

The Department did not monitor the first two requirements because it assumed compliance would be met. For the third requirement, which was not met, the appropriation received from the state Legislature was not sufficient to meet the compliance requirement.

### **Effect of Condition**

Without adequate internal controls in place, the Department could not ensure it would meet all level of effort requirements during the audit period. By not adequately monitoring to ensure level of effort requirements are being met, the Department is not in compliance with federal requirements for the Block Grant.

For the requirement to maintain state spending at a level that is not less than the average spending during the previous two years, we determined the Department spent approximately \$16.6 million less than what was required for fiscal year 2015.

### **Recommendation**

We recommend the Department establish policies, procedures and other internal controls sufficient to ensure the monitoring and documentation of level of effort requirements is performed.

The Department should also monitor state-funded spending to ensure it spends at least the minimum required amount each year for the grant. If the Department determines it will not meet one of the requirements, it should contact its federal grantor to determine an appropriate course of action.

### **Agency's Response**

*The Department concurs with this finding.*

*Through technical assistance provided by the Substance Abuse Mental Health Services Administration (SAMHSA), the Department will formalize a procedure to monitor and manage maintenance of efforts for both pregnant women and women with dependent children as well as for tuberculosis services. The procedure will include frequency for monitoring expenditure levels appropriate to meet maintenance of effort requirements; to include, collaboration with state partners, what documentation is necessary, and actions to be implemented if below the maintenance of effort levels.*

*Further, the Department will formalize a procedure to document the maintenance of effort challenges and communications to our federal partners when we feel we will not be in compliance. The Department has been monitoring this on a quarterly basis and will continue to do so and more frequently if levels look insufficient. Further the Department is seeking technical assistance from SAMHSA as to what maintenance of effort reporting should be with the integration of mental health and substance abuse services.*

## Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

**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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 45, Code of Federal Regulations

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.

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 96.127 – Requirements regarding tuberculosis, states in part:

- (c) With respect to services provided for by a State for purposes of compliance with this section, the State shall maintain Statewide expenditures of non-Federal amounts for such services at a level that is not less than an average level of such expenditures maintained by the State for the 2-year period preceding the first fiscal year for which the State receives such a grant. In making this determination, States shall establish a reasonable funding base for fiscal year 1993. The base shall be calculated using Generally Accepted Accounting Principles and the composition of the base shall be applied consistently from year to year.

**2015-054 The Department of Social and Health Services did not have adequate internal controls in place and did not comply with requirements to ensure treatment service providers spending Block Grants for Prevention and Treatment of Substance Abuse funds were peer reviewed.**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 93.959 Block Grants for Prevention and Treatment of Substance Abuse  
**Federal Award Number:** 2B08TI010056-13; 2B08TI010056-14; 2B08TI010056-15  
**Applicable Compliance Component:** Special Tests and Provisions – Independent Peer Reviews  
**Questioned Cost Amount:** None

## **Background**

The Department of Social and Health Services, Division of Behavioral Health and Recovery, administers the Block Grants for Prevention and Treatment of Substance Abuse. The Department subawards some of the funds to counties, tribes, nonprofit organizations and other state agencies to develop prevention programs and provide treatment and support services. The Department spent over \$38 million in grant funds during fiscal year 2015.

Federal regulations require the Department to conduct independent peer reviews of treatment service providers. The peer reviews must assess the quality, appropriateness and effectiveness of treatment services provided to individuals. The Department must ensure:

- At least five-percent of the treatment service providers in the state are reviewed.
- The providers reviewed are representative of those providing treatment services.
- The peer reviewers are independent.

Department staff determine how many treatment service providers must be peer reviewed for the calendar year. Each peer review was performed by one to four reviewers. Prior to conducting a peer review, the Department has reviewers sign a disclaimer form in order to certify their independence. This certification includes stating that they do not have administrative oversight, are not an employee, have no financial interest and are not involved in any funding decisions at the treatment service provider they are scheduled to review.

The Department oversaw peer reviews for calendar years 2014 and 2015 during the audit period.

## **Description of Condition**

During the audit period the Department did not have adequate internal controls in place to ensure it complied with peer review requirements. We examined the documentation for both years to determine whether the Department was in compliance with federal requirements. We found:

- The Department did not ensure at least five-percent of treatment service providers were peer reviewed for calendar year 2014. A minimum of 16 reviews were needed, but only 13 occurred.
- Nine out of 25 disclaimer forms for the calendar year 2014 review were not adequate to ensure the peer reviewers were independent. Four forms did not contain the name of the treatment service provider and five were not supported by any documentation.
- Five out of 34 disclaimer forms for the calendar year 2015 review were not adequate to ensure the peer reviewers were independent. All five did not contain the name of the treatment service provider that was reviewed.

We consider these internal control weaknesses to constitute a material weakness.

## **Cause of Condition**

The Department did not have written policies or procedures in place to ensure it complied with the peer review requirements. Additionally, management did not adequately monitor to ensure the Department complied with the federal requirements.

Until we requested documents, Department staff were not aware that the incorrect number of treatment service providers were peer reviewed during calendar year 2014. They were also unaware that they did not have all of the required disclaimer forms.

## **Effect of Condition**

Without establishing adequate internal controls, the Department was not able to ensure the correct number of treatment service providers were peer reviewed or that peer reviewers were independent. By not properly monitoring that the federal requirements were met, the Department was not compliant with federal requirements for the grant.

## **Recommendation**

We recommend the Department establish internal controls sufficient to ensure the independent peer review process is adequate. Additionally, we recommend at least five percent of the treatment service providers are peer reviewed and reviewers are verifying their independence.

## **Department's Response**

*The Department concurs with this finding.*

*The Department had adequate peer reviews scheduled however, the reviews were not rescheduled when they were cancelled. As a result the Department did not review five percent of the treatment*

*providers as required. Further, disclaimers were not updated when there was a change in reviewer. For the current review period the correct amount of reviews were done and all disclaimers have been submitted and updated when necessary. The Department will formalize the policy for this by January 31, 2016.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

#### Section 300

The auditee shall:

- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 Communicating Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse states:

- 4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 935, as follows:

- .11 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 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.

**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 the event 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.

Remote. The chance of the future event or events occurring is slight.

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 45, Code of Federal Regulations, Section 96.136 – Independent peer review, states in part:

- (a) The State shall for the fiscal year for which the grant is provided, provide for independent peer review to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved, and ensure that at least 5 percent of the entities providing services in the State under such program are reviewed. The programs reviewed shall be representative of the total population of such entities.
- (e) The State shall ensure that the independent peer review will not involve practitioners/providers reviewing their own programs, or programs in which they have administrative oversight, and that there be a separation of peer review personnel from funding decisionmakers. In addition, the State shall ensure that independent peer review is not conducted as part of the licensing/certification process.

- (f) The States shall develop procedures for the implementation of this section and such procedures shall be developed in consultation with the State Medical Director for Substance Abuse Services.

**2015-055 The Department of Social and Health Services made improper payments to providers for medical evidence records.**

**Federal Awarding Agency:** U.S. Social Security Administration  
**Pass-Through Entity:** None  
**CFDA Number and Title:** 96.001 Social Security - Disability Insurance  
96.006 Supplemental Security Income  
**Federal Award Number:** 13-0404WADI00, 14-0404WADI00, 15-0404WADI00  
**Applicable Compliance Component:** Activities Allowed or Unallowed  
Allowable Costs/Cost Principles  
**Questioned Cost Amount:** \$29  
**Likely Questioned Cost Amount** \$79,476

**Background**

The Department of Social and Health Services administers the Disability Insurance and Supplemental Security Income programs. The programs are overseen by Disability Determination Services (DDS), which is part of the Department's Economic Services Administration. DDS adjudicates medical claims for the Social Security Administration to make disability determinations for the state of Washington.

As part of the program the Department reimburses providers for medical evidence records. The amount that is allowed to be reimbursed is established in a fee schedule provided to participating providers. The Department reviews all reimbursement requests for accuracy prior to authorizing payment.

The Department spent \$48.7 million in federal program funds in fiscal year 2015. Of that, \$5.8 million was reimbursed for approximately 170,000 medical evidence record payments.

**Description of Condition**

We examined reimbursements for 59 medical evidence record payments, which totaled \$1,995, to determine if the Department paid providers in accordance with the fee schedule. We found two reimbursements were made to providers that exceeded the Department's fee schedule by \$29.

**Cause of Condition**

Department staff did not adequately review the support for the payments prior to approving them.

**Effect of Condition and Questioned Costs**

A statistical sampling method was used to randomly select the payments examined in the audit. We estimate the amount of likely questioned costs to be \$79,476.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support payments.

### **Recommendation**

We recommend the Department ensure payments are supported and adequately reviewed prior to reimbursing providers.

The Department should consult with the Social Security Administration to determine what, if any, of the questioned costs should be repaid.

### **Department's Response**

*The Department concurs with this finding and agrees that payments must be supported and adequately reviewed prior to reimbursing providers.*

*To immediately address the issue, DDS leadership will meet with the Medical Claims Unit staff responsible for authorizing these reimbursements, and will carefully walk through the appropriate review process. DDDS leadership will also remind staff that DDS cannot pay the WAC approved fee schedule, and must follow the DSHS approved fee schedule.*

*Leadership will follow this in-person meeting with an email outlining the correct business process and expectations.*

*The aged technology DDS currently uses to view medical documentation impacts their ability to achieve 100% accuracy in counting pages of the medical evidence provided by medical sources.*

*The federal Social Security Administration is developing and DDS will implement (likely December 2016) a new Disability Case Processing System, which the Department believes will offer increased capacity for accurately counting the number of pages contained in the medical evidence records.*

*D DDS will share these audit results with the Social Security Administration.*

### **Auditor's Concluding 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**

U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300, states in part:

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

Section 510, states in part:

(a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

... (3) Known questioned costs which are greater than \$10,000 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 shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program.

OMB Circular A-87: Cost Principles for State, Local and Indian Tribal Governments (2 CFR Part 225); Appendix A - General Principles for Determining Allowable Costs; Section C - Basic Guidelines state in part:

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - ...
  - j. Be adequately documented.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2015, Part 4- Social Security Administration, states in part:

A. Activities Allowed or Unallowed

DDSs make disability determinations based on the law and regulations and on written guidelines issued by SSA. Each State making disability determinations is entitled to receive from the Trust funds reimbursement for the cost of making those disability determinations for SSA. Activities shall be in accordance with the budget request approved by SSA. Purchased medical services, such as Medical Evidence of Record (MER) and Consultative Examinations (CE), must be in accordance with the DDS's fee schedule for purchased medical services. Activities allowed under the disability programs include personnel services, purchased medical services, indirect costs and other non-personnel costs (42 USC 421 (e) and (f); 20 CFR sections 404.1626 and 416.1026).

**2015-056 The Military Department improperly charged grant expenditures after the end of the Emergency Management Performance Grants' period of availability.**

<b>Federal Awarding Agency:</b>	U.S. Department of Homeland Security
<b>Pass-Through Entity:</b>	None
<b>CFDA Number and Title:</b>	97.042 Emergency Management Performance Grants
<b>Federal Award Number:</b>	EMW-2013-EP-00050
<b>Applicable Compliance Component:</b>	Period of Availability
<b>Questioned Cost Amount:</b>	\$12,592

The Military Department administers the Emergency Management Performance Grants. The funds are provided to local jurisdictions and tribes to sustain and enhance their emergency management programs. The Department spent approximately \$7.5 million in grant funds during fiscal year 2015.

The Department is responsible for ensuring grant funds are used for costs that are allowable and related to each grant's purpose. Each federal grant specifies a period during which program costs may be obligated. Payments for costs obligated after the end date of a grant are not allowed without prior approval by the grantor.

**Description of Condition**

The Department's fiscal year 2013 grant required all costs to be obligated prior to September 30, 2014. We found the Department obligated two payments, totaling \$12,592, to the grant in October 2014. The Department did not have prior authorization from the grantor to charge costs to the grants after the end of the performance period.

**Cause of Condition**

The Department did not ensure that all obligations were made before the period of availability ended.

**Effect of Condition and Questioned Costs**

We are questioning improperly charged grant expenditures of \$12,592 made after the end of the grant's period of availability.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

**Recommendation**

We recommend the Department only charge expenditures to federal grants if they are obligated during the period of availability. The Department should consult with the U.S. Department of Homeland Security to determine what, if any, of the questioned costs should be repaid.

## Agency's Response

*The Department concurs with the finding. The Department will be more diligent to ensure expenditures do not occur outside the performance period. The questioned costs will be transferred to the fiscal year 2014 grant and the federal government will be reimbursed for the questioned costs for the fiscal year 2013 grant.*

## Auditor's Concluding 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

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states in part:

### Section 300

The auditee shall:

- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

### Section 510, states in part:

- (a) Audit findings reported. The auditor shall report the following as audit findings in a schedule of findings and questioned costs:
  - ... (3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor.

U.S. Office of Management and Budget Circular A-133, Compliance Supplement 2015, Part 3 – Compliance Requirements, states in part:

## H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

### Compliance Requirements

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, §\_\_.23; OMB Circular A-110 (2 CFR section 215.28)).

**State of Washington  
Schedule of Expenditures of Federal Awards**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Institute for Museum Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
03.000	IMS - Contract Number Only Provided	IMLS# LG-64-12-0655-12	3600	2,120	0	PT
<b>Federal Program 03.000 Total</b>				<b>2,120</b>	<b>0</b>	
03.301	Museums for America		3600	135,675	0	
03.301			6990	6,566	0	
<b>Federal Program 03.301 Total</b>				<b>142,241</b>	<b>0</b>	
03.310	Grants to States		0850	3,012,494	50,950	
<b>Federal Program 03.310 Total</b>				<b>3,012,494</b>	<b>50,950</b>	
03.312	National Leadership Grants		3600	696,447	49,007	
03.312		MG-10-14-0006-14	3600	1,827	0	PT
03.312			3650	72,983	59,738	
<b>Federal Program 03.312 Total</b>				<b>771,257</b>	<b>108,745</b>	
03.313	Laura Bush 21st Century Librarian Program		3600	82,942	0	
03.313		UTA13-000632	3600	14,000	0	PT
03.313			3650	144,963	43,858	
<b>Federal Program 03.313 Total</b>				<b>241,905</b>	<b>43,858</b>	
<b>Institute for Museum Services Total</b>				<b>4,170,017</b>	<b>203,553</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Endowment for the Arts**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
05.024	Promo Grant Arts to Org		3500	34,988	0	
05.024			3600	33,334	0	
05.024			3650	2,298	0	
05.024		TW20130182	3650	2,249	0	PT
05.024		TW20130217	3650	2,249	0	PT
05.024			3760	38,950	0	
05.024			4650	33,076	0	
<b>Federal Program 05.024 Total</b>				<b>147,144</b>	<b>0</b>	
05.025	Promo of Arts Partnership Agreements		3870	762,545	0	
<b>Federal Program 05.025 Total</b>				<b>762,545</b>	<b>0</b>	
<b>National Endowment for the Arts Total</b>				<b>909,689</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Endowment for the Humanities**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
06.129	Promotion of the Humanities Federal/State Partners	4669GF13	3650	4,330	0	PT
06.129		N/A	3700	6,337	0	PT
<b>Federal Program 06.129 Total</b>				<b>10,667</b>	<b>0</b>	
06.149	Promotion of the Humanities Division of Preservati		3600	24,507	0	
06.149			3650	6,785	3,819	
06.149			3800	5,750	0	
<b>Federal Program 06.149 Total</b>				<b>37,042</b>	<b>3,819</b>	
06.169	Promotion of the Humanities Office of Digital Huma		0850	33,721	0	
06.169			3650	129,789	112,912	
06.169		121827001	3650	12,632	0	PT
<b>Federal Program 06.169 Total</b>				<b>176,142</b>	<b>112,912</b>	
<b>National Endowment for the Humanities Total</b>				<b>223,851</b>	<b>116,731</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Office of National Drug Control Policy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
07.000	ONDCP - Contract Number Only Provided	C120703FED-FOB3	2250	145	0	
07.000		C120703FED-INX3	2250	12,832	0	
07.000		C130493FED-DHE4	2250	9,332	0	
07.000		C130493FED-DME4	2250	13,215	0	
07.000		C141393FED-HI14	2250	1,337,438	0	
07.000		C141393FED-MT14	2250	14,204	0	
07.000		K10546-HI15	2250	18,321	0	
07.000		9001000055	3600	2,400	0	PT
07.000		9003000009	3600	19,895	0	PT
<b>Federal Program 07.000 Total</b>				<b>1,427,782</b>	<b>0</b>	
<b>Office of National Drug Control Policy Total</b>				<b>1,427,782</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.000	Agriculture - Contract Number Only Provided	0019350	3600	9,135		0 PT
10.000		09JV11242309041MOD02	3600	3,633		0
10.000		10JV11261987092MOD03	3600	151,030		0
10.000		11-CR-11261997-092	3600	1,854		0
10.000		11CR11261987104MOD03	3600	19,930		0
10.000		11JV11221633145MOD07	3600	71,624		0
10.000		11JV11261985071MOD02	3600	9,182		0
10.000		11PA11272138074MOD02	3600	49,819		0
10.000		12CA11261975096MOD02	3600	46,217		0
10.000		12CR11061800021MOD01	3600	20,687		0
10.000		12JV11261992025MO01	3600	2,230		0
10.000		13-CA-11132544-478	3600	40,715		0
10.000		13-CS-11052007-055	3600	10,751		0
10.000		13-JV-11062104-031	3600	37		0
10.000		13-JV-11261975-070	3600	(664)		0
10.000		13-JV-11261989-076	3600	29,219		0
10.000		13CRL1261992053MOD02	3600	2,784		0
10.000		13JV11261953087MOD01	3600	79,656		0
10.000		13JV11261984054MOD1	3600	4,682		0
10.000		14-CS-11330144-106	3600	1,561		0
10.000		14-JV-11242309-051	3600	14,446		0
10.000		14-JV-11261952-082	3600	3,195		0
10.000		14-JV-11261987-041	3600	67,576		0
10.000		14-JV-11261989-078	3600	597		0
10.000		14-JV-11261989-087	3600	244,142		0
10.000		14CR11062112010MOD01	3600	168,970		0
10.000		14JV11261975043MOD01	3600	23,132		0
10.000		14JV11272139014MOD01	3600	144,187		0
10.000		2012JV11261985061MOD01	3600	285		0
10.000		2013-32100-06092	3600	17,969		0
10.000		2013-JV-11062765-200	3600	625		0
10.000		2014-32100-06092	3600	102,327		0
10.000		2014-CR-11261952-089	3600	4,993		0
10.000		2014-JV-11261987-045	3600	1,044		0
10.000		58-1907-3-029	3600	4,358		0
10.000		A97911	3600	41,487		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**

*For the Year Ended  
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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
10.000	Agriculture - Contract Number Only Provided	NO. 310 AM06	3600	22,098	0	PT
10.000		PNW 11-JV-11261985-095	3600	1,424	0	
10.000		PNW 12-CR-11261989-070	3600	13,319	0	
10.000		PNW09JV11261976035MOD0	3600	2,892	0	
10.000		PNW09JV11261985005MOD0	3600	40,486	0	
10.000		PNW09JV11261987002MOD0	3600	(2,407)	0	
10.000		PNW10JV11261955063MOD0	3600	56,307	0	
10.000		PNW10JV11261975086MOD0	3600	57,473	0	
10.000		PNW10JV11261985083MOD0	3600	5,829	0	
10.000		PNW11JV11261952030MOD0	3600	160,844	0	
10.000		PNW11JV11261985096MOD0	3600	12,669	0	
10.000		PNW13CR11261987090MOD0	3600	336,387	0	
10.000		PNW13CR11261992099MOD0	3600	13,713	0	
10.000		PNW13JV11261987073AM03	3600	637,745	0	
10.000		PNW13JV11261987094MOD0	3600	273,990	0	
10.000		PO #AG-05G2-P-14-0014	3600	326	0	
10.000		SUBCONTRACT 910	3600	6,350	0	PT
10.000		SUBCONTRACT NO. 810	3600	65,561	0	PT
10.000		"10JV112721380	3650	(2)	0	
10.000		01800034045203	3650	(31)	0	PT
10.000		09JV11221634308	3650	54,409	0	
10.000		09JV11261975028	3650	23,847	0	
10.000		10CR11221634229	3650	13,701	0	
10.000		10JV11272138068	3650	13,075	0	
10.000		11JV11221634188	3650	(161)	0	
10.000		11JV11221634196	3650	(22,973)	0	
10.000		11JV11261987097	3650	76,426	0	
10.000		1281300044CA	3650	11,725	0	
10.000		1281300122CA	3650	17,786	0	
10.000		1281300178CA	3650	24,235	0	
10.000		1281300186CA	3650	15,716	911	
10.000		12CS11020000078	3650	29,474	0	
10.000		1381300083CA	3650	39,483	0	
10.000		1381300122CA	3650	2,708	0	
10.000		1381300178CA	3650	34,081	0	
10.000		1381300247CA	3650	37,171	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 Year Ended  
 June 30, 2015  
 (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
10.000	Agriculture - Contract Number Only Provided	1385501664CA	3650	109,994	42,220	
10.000		13CR11221632127	3650	6,378	0	
10.000		13CR11261950085	3650	11,544	0	
10.000		13IE53102134	3650	50,493	0	
10.000		13JV11221637129	3650	14,833	0	
10.000		201125	3650	96,347	0	PT
10.000		6197K130036	3650	12,210	0	
10.000		6197K140021	3650	32,910	0	
10.000		AG0120P100049	3650	26,320	0	
10.000		AG6197K140068	3650	6,900	0	
10.000		AG6395K140102	3650	95,832	0	
10.000		AG6395P130252	3650	23,922	0	
10.000		WSU002126	3650	(2,729)	0	
10.000		WSU002142	3650	149,205	0	PT
10.000		12-CS-11062200-003	4600	(7,240)	0	
10.000		10-CS-11061700-046	4770	679	0	
10.000		11-LE-1106-11060500-01	4770	16,858	0	
10.000		13-CS-11062103-026	4770	38,620	0	
10.000		14-CS-11061708-051	4770	23,671	0	
<b>Federal Program 10.000 Total</b>				<b>4,175,838</b>	<b>43,131</b>	
10.025	Plant and Animal Disease, Pest Control, and Animal		3650	939,175	0	
10.025			4770	9,276	0	
10.025			4950	2,120,390	0	
<b>Federal Program 10.025 Total</b>				<b>3,068,841</b>	<b>0</b>	
10.028	Wildlife Services		3650	33,058	7,658	
<b>Federal Program 10.028 Total</b>				<b>33,058</b>	<b>7,658</b>	
10.069	Conservation Reserve Program		4770	3,083	0	
<b>Federal Program 10.069 Total</b>				<b>3,083</b>	<b>0</b>	
10.072	Wetlands Reserve Program		4770	(273)	0	
<b>Federal Program 10.072 Total</b>				<b>(273)</b>	<b>0</b>	
10.093	Voluntary Public Access & Habitat Incentive Progra		4770	132,924	0	
<b>Federal Program 10.093 Total</b>				<b>132,924</b>	<b>0</b>	
10.156	Federal-State Marketing Improvement Program		3600	80,714	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 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
10.156	Federal-State Marketing Improvement Program		3650	38,072	0	
<b>Federal Program 10.156 Total</b>				<b>118,786</b>	<b>0</b>	
10.163	Market Protection and Promotion		4950	991,101	0	
<b>Federal Program 10.163 Total</b>				<b>991,101</b>	<b>0</b>	
10.170	Specialty Crop Block Grant Program - Farm Bill		4950	4,432,813	3,667,322	
<b>Federal Program 10.170 Total</b>				<b>4,432,813</b>	<b>3,667,322</b>	
10.210	Food and Agricultural Sciences National Needs Grad		3600	107,085	0	
10.210			3650	55,855	0	
<b>Federal Program 10.210 Total</b>				<b>162,940</b>	<b>0</b>	
10.226	Secondary and Two-Year Postsecondary Agriculture E		6990	50,494	23,839	
<b>Federal Program 10.226 Total</b>				<b>50,494</b>	<b>23,839</b>	
10.303	Integrated Programs		3650	1,402,811	309,347	
10.303		BJKH03SB001	3650	(5,374)	0	PT
10.303		BJKH15SB001	3650	26,363	0	PT
10.303		BJKH15SB002	3650	28,166	0	PT
10.303		FAR0021477	3650	74,626	0	PT
10.303		RC100946WSU	3650	77,323	0	PT
10.303		SA7746	3650	52,599	0	PT
<b>Federal Program 10.303 Total</b>				<b>1,656,514</b>	<b>309,347</b>	
10.304	Homeland Security_agricultural		3650	169,722	0	
10.304		20122390204	3650	23,332	0	PT
<b>Federal Program 10.304 Total</b>				<b>193,054</b>	<b>0</b>	
10.305	International Science and Education Grants	2008120601	3650	1,025	0	PT
<b>Federal Program 10.305 Total</b>				<b>1,025</b>	<b>0</b>	
10.309	Specialty Crop Research Initiative	S15187	3600	13,598	0	PT
10.309			3650	2,299,625	305,364	
10.309		00006986	3650	25,906	0	PT
10.309		13014NU793	3650	84,114	0	PT
10.309		20101294201	3650	47,482	0	PT
10.309		20101304802	3650	89,647	0	PT
10.309		2010136502	3650	254,093	0	PT
10.309		2012178503	3650	54,509	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**

*For the Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.309	Specialty Crop Research Initiative	350K873	3650	148,316	0	PT
10.309		3826WSUUSDA9561	3650	3,168	0	PT
10.309		428K072	3650	14,902	0	PT
10.309		614296A	3650	344,569	68,400	PT
10.309		C0423BA	3650	334,892	0	PT
10.309		RC100858B	3650	274,016	8,292	PT
<b>Federal Program 10.309 Total</b>				<b>3,988,837</b>	<b>382,056</b>	
10.311	Beginning Farmer and Rancher Development Program		3650	186,240	53,954	
<b>Federal Program 10.311 Total</b>				<b>186,240</b>	<b>53,954</b>	
10.312	Biomass Research and Development Initiative Compet		3650	(42)	0	
10.312		MA120037	3650	50,389	0	PT
<b>Federal Program 10.312 Total</b>				<b>50,347</b>	<b>0</b>	
10.315	ARRA - Trade Adj Assist for Farmers Training Coord	H001344204	3650	248,804	0	PT
<b>Federal Program 10.315 Total</b>				<b>248,804</b>	<b>0</b>	
10.443	Outreach and Assistance for Socially Disadvantaged	12050101	3650	15,049	0	PT
<b>Federal Program 10.443 Total</b>				<b>15,049</b>	<b>0</b>	
10.459	Commodity Partnerships for Small Agricultural Risk		3650	33,507	0	
<b>Federal Program 10.459 Total</b>				<b>33,507</b>	<b>0</b>	
10.479	Food Safety Cooperative Agreements		3030	368,703	0	
<b>Federal Program 10.479 Total</b>				<b>368,703</b>	<b>0</b>	
10.500	Cooperative Extension Service		3650	7,030,186	422,072	
10.500		12006968B00	3650	1,499	0	PT
10.500		130677002	3650	14,000	0	PT
10.500		130677006	3650	9,642	0	PT
10.500		201120392WSU	3650	874,839	0	PT
10.500		2563290059813	3650	39,179	0	PT
10.500		514077	3650	17,467	0	PT
10.500		8000059373	3650	41,994	0	PT
10.500		Q01465	3650	36	0	PT
10.500		S12003	3650	54	0	PT
10.500		S12099	3650	9,140	0	PT
10.500		S13055	3650	10,898	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.500	Cooperative Extension Service	S14150	3650	4,729	0	PT
10.500		UC225AA	3650	11,600	0	PT
<b>Federal Program 10.500 Total</b>				<b>8,065,263</b>	<b>422,072</b>	
10.557	Suppl Nutri Prog for WIC		3030	145,760,862	37,201,327	
<b>Federal Program 10.557 Total</b>				<b>145,760,862</b>	<b>37,201,327</b>	
10.558	Child and Adult Care Food Program		3500	48,293,185	47,713,256	
<b>Federal Program 10.558 Total</b>				<b>48,293,185</b>	<b>47,713,256</b>	
10.560	State Administrative Expenses for Child Nutrition		3500	3,560,363	10,000	
<b>Federal Program 10.560 Total</b>				<b>3,560,363</b>	<b>10,000</b>	
10.572	WIC Farmers' Market Nutrition Program (Fmnp)		3030	525,822	29,382	
<b>Federal Program 10.572 Total</b>				<b>525,822</b>	<b>29,382</b>	
10.574	Team Nutrition Grants		3500	173,479	0	
<b>Federal Program 10.574 Total</b>				<b>173,479</b>	<b>0</b>	
10.575	Farm to School Grant Program		4950	24,970	0	
<b>Federal Program 10.575 Total</b>				<b>24,970</b>	<b>0</b>	
10.576	Senior Farmers Market Nutrition Program		3000	217,944	11,792	
<b>Federal Program 10.576 Total</b>				<b>217,944</b>	<b>11,792</b>	
10.579	Child Nutrition Discretionary Grants		3500	965,174	497,017	
10.579			3650	293,417	142,038	
<b>Federal Program 10.579 Total</b>				<b>1,258,591</b>	<b>639,055</b>	
10.582	Fresh Fruit and Vegetable Program		3500	3,290,472	3,279,670	
<b>Federal Program 10.582 Total</b>				<b>3,290,472</b>	<b>3,279,670</b>	
10.598	Supplemental Nutrition Assistanc Program (Snap) Re		3000	66,849	0	
<b>Federal Program 10.598 Total</b>				<b>66,849</b>	<b>0</b>	
10.604	Technical Assistance for Specialty Crops Program	WSUT13GXKSF01	3650	30,671	0	PT
<b>Federal Program 10.604 Total</b>				<b>30,671</b>	<b>0</b>	
10.614	Scientific Cooperation Exchange Prog W China		3650	8,281	0	
<b>Federal Program 10.614 Total</b>				<b>8,281</b>	<b>0</b>	
10.664	Cooperative Forestry Assistance		3600	10,000	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.664	Cooperative Forestry Assistance		3650	10,254	0	
10.664			4900	4,298,277	0	
<b>Federal Program 10.664 Total</b>				<b>4,318,531</b>	<b>0</b>	
10.674	Wood Utilization Assistance		4900	5,783	0	
<b>Federal Program 10.674 Total</b>				<b>5,783</b>	<b>0</b>	
10.675	Urban and Community Forestry Program		3600	46,078	28,718	
<b>Federal Program 10.675 Total</b>				<b>46,078</b>	<b>28,718</b>	
10.676	Forest Legacy Program		4900	64,101	0	
<b>Federal Program 10.676 Total</b>				<b>64,101</b>	<b>0</b>	
10.678	Forest Stewardship Program		4900	12,000	0	
<b>Federal Program 10.678 Total</b>				<b>12,000</b>	<b>0</b>	
10.680	Forest Health Protection		4950	159,446	50,818	
<b>Federal Program 10.680 Total</b>				<b>159,446</b>	<b>50,818</b>	
10.777	Norman E Borlaug Intl AG & Science Tech Fellowship		3650	107,444	0	
<b>Federal Program 10.777 Total</b>				<b>107,444</b>	<b>0</b>	
10.868	Rural Energy for America Program		3650	27,223	18,950	
<b>Federal Program 10.868 Total</b>				<b>27,223</b>	<b>18,950</b>	
10.902	Soil and Water Conservation		4770	33,948	0	
10.902			4900	36,861	0	
10.902			4950	(105)	0	
<b>Federal Program 10.902 Total</b>				<b>70,704</b>	<b>0</b>	
10.903	Soil Survey		3650	22,088	0	
<b>Federal Program 10.903 Total</b>				<b>22,088</b>	<b>0</b>	
10.912	Environmental Quality Incentives Program		3650	323,348	0	
10.912		WAS110428135	3650	19,649	0	PT
10.912			4710	687,811	687,811	
10.912			4770	14,034	0	
<b>Federal Program 10.912 Total</b>				<b>1,044,842</b>	<b>687,811</b>	
10.914	Wildlife Habitat Incentive Program		4770	12,664	0	
<b>Federal Program 10.914 Total</b>				<b>12,664</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.950	Agricultural Statistics Reports		3650	3,459	0	
<b>Federal Program 10.950 Total</b>				<b>3,459</b>	<b>0</b>	
10.960	Technical Agricultural Assistance		3650	26,857	0	
<b>Federal Program 10.960 Total</b>				<b>26,857</b>	<b>0</b>	
10.962	Cochran Fellowship Program-International Training-		3650	54,380	0	
<b>Federal Program 10.962 Total</b>				<b>54,380</b>	<b>0</b>	
10.999	Department of Agriculture - Undetermined		3600	45,453	0	
10.999		UW BUD# 669887	3600	54,392	0	PT
10.999			4770	40,005	0	
10.999			6990	22,233	0	
<b>Federal Program 10.999 Total</b>				<b>162,083</b>	<b>0</b>	
<b>Dept of Agriculture Total</b>				<b>237,326,120</b>	<b>94,580,158</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.000	Commerce - Contract Number Only Provided	AB-133F-14-SE-2638	3600	83,571	0	
11.000		AB133F-11-CN-0146	3600	(421)	0	
11.000		AB133F10CN0351MOD04	3600	121,046	0	
11.000		AB133F12CN0081MOD03	3600	53,913	0	
11.000		CK# 0006687324	3600	7,020	0	PT
11.000		G-00745-1	3600	5,948	0	PT
11.000		USM-GR05209-01	3600	2,189	0	PT
11.000		UW BUD# 661975	3600	15,416	0	PT
11.000		UW BUD# 668850	3600	5,000	0	PT
11.000		WE-133R-14-SE-2520	3600	15,705	0	
11.000		WE133F12SE1860AM02	3600	24,893	0	
11.000		212111	3650	47,877	0	PT
11.000		2011-3	4770	38,145	0	PT
11.000		07-01-07153	6990	25,602	0	
11.000		07-01-06494	6990	78,301	0	
11.000		71-01-06446	6990	306,622	0	
<b>Federal Program 11.000 Total</b>				<b>830,827</b>	<b>0</b>	
11.008	Noaa Mission-Related Education Awards		3800	31,181	18,818	
<b>Federal Program 11.008 Total</b>				<b>31,181</b>	<b>18,818</b>	
11.012	Integrated Ocean Observing System (Ioos)		3600	2,887,994	1,472,057	
11.012		2013-014	3600	42,989	0	PT
11.012		H2300-63 AM01	3600	22,995	0	PT
<b>Federal Program 11.012 Total</b>				<b>2,953,978</b>	<b>1,472,057</b>	
11.112	Market Development Cooperator Program		1030	79,216	0	
<b>Federal Program 11.112 Total</b>				<b>79,216</b>	<b>0</b>	
11.303	Economic Development technical Assistance		3650	121,213	0	
<b>Federal Program 11.303 Total</b>				<b>121,213</b>	<b>0</b>	
11.407	Interjurisdictional Fisheries Act of 1986	14-37	4770	115,714	0	PT
<b>Federal Program 11.407 Total</b>				<b>115,714</b>	<b>0</b>	
11.419	Coastal Zone Management Administration Awards		4610	3,962,104	11,980	
<b>Federal Program 11.419 Total</b>				<b>3,962,104</b>	<b>11,980</b>	
11.436	Columbia River Fisheries Development Program		4670	324,980	20,848	

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 Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
11.436	Columbia River Fisheries Development Program		4770	7,013,446	0	
<b>Federal Program 11.436 Total</b>				<b>7,338,426</b>	<b>20,848</b>	
11.437	Pacific Fisheries Data Program	14-54 AM01	3600	16,107	0	PT
11.437		14-74	3600	25,590	0	PT
11.437		13-30	4770	49,121	0	PT
11.437		14-81	4770	56,802	0	PT
11.437		14-84	4770	74,998	0	PT
11.437		15-02	4770	60,381	0	PT
11.437		15-36G	4770	19,452	0	PT
11.437		15-37G	4770	88,385	0	PT
11.437		15-38	4770	612,882	0	PT
11.437		15-48G	4770	53,495	0	PT
11.437		WA-S-141207-031	4770	133,922	0	PT
<b>Federal Program 11.437 Total</b>				<b>1,191,135</b>	<b>0</b>	
11.438	Pacific Coast Salmon Recovery_pacific Salmon Treat	44714 AM01	3600	82,574	0	PT
11.438		AKSSF-44913 AM01	3600	197,747	0	PT
11.438		SA-14-018	3600	149,061	0	PT
11.438			4670	28,046,880	18,572,202	
11.438			4770	2,110,024	0	
<b>Federal Program 11.438 Total</b>				<b>30,586,286</b>	<b>18,572,202</b>	
11.439	Marine Mammal Data Program		4770	46,572	0	
11.439		13-25	4770	102,278	0	PT
<b>Federal Program 11.439 Total</b>				<b>148,850</b>	<b>0</b>	
11.441	Regional Fishery Management Councils	06-14	4770	61,737	0	PT
<b>Federal Program 11.441 Total</b>				<b>61,737</b>	<b>0</b>	
11.463	Habitat Conservation		2450	10,416	1,031	
11.463		WA-S-141212-032	3600	5,683	0	PT
11.463		SA13WSU01	3650	23,786	0	PT
11.463		WA-S130820-017	3800	117,213	0	PT
11.463		WA-S-141216-033	4770	7,922	0	PT
11.463			4780	985,657	0	
<b>Federal Program 11.463 Total</b>				<b>1,150,677</b>	<b>1,031</b>	
11.469	Congressionally Identified Awards and Projects		3600	20,272	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 11.469 Total</b>				<b>20,272</b>	<b>0</b>	
11.473	Coastal Services Center		3600	13,360	0	
11.473		UW BUD# 630404	3600	1,939	0	PT
<b>Federal Program 11.473 Total</b>				<b>15,299</b>	<b>0</b>	
11.478	Center for Sponsored Coastal Ocean Research_coasta		3600	54,577	0	
<b>Federal Program 11.478 Total</b>				<b>54,577</b>	<b>0</b>	
11.482	Coral Reef Conservation Program		3650	60,552	0	
<b>Federal Program 11.482 Total</b>				<b>60,552</b>	<b>0</b>	
11.483	Noaa Programs for Disaster Relief		3600	71,387	0	
<b>Federal Program 11.483 Total</b>				<b>71,387</b>	<b>0</b>	
11.549	State and Local Implementation Grant Program Sligp		2450	702,695	697,613	
<b>Federal Program 11.549 Total</b>				<b>702,695</b>	<b>697,613</b>	
11.558	ARRA - State Broad Data & Dev Grant Program		1030	916,717	70,793	
<b>Federal Program 11.558 Total</b>				<b>916,717</b>	<b>70,793</b>	
11.620	Science, Technology, Business And/Or Education Out		6990	48,713	0	
<b>Federal Program 11.620 Total</b>				<b>48,713</b>	<b>0</b>	
11.999	Department of Commerce - Undetermined		2450	70,433	0	
11.999			3600	2,502	0	
11.999			4770	987,771	0	
<b>Federal Program 11.999 Total</b>				<b>1,060,706</b>	<b>0</b>	
<b>Dept of Commerce Total</b>				<b>51,522,262</b>	<b>20,865,342</b>	

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 Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
12.000	DOD - Contract Number Only Provided	C130156FED-HCB3	2250	82,274		0
12.000		C130156FED-LBL3	2250	72,589		0
<b>Federal Program 12.000 Total</b>				<b>154,863</b>		<b>0</b>
12.112	Payments to States In Lieu of Real Estate Taxes		0050	58,555		0
<b>Federal Program 12.112 Total</b>				<b>58,555</b>		<b>0</b>
12.130	Estuary Habitat Restoration Program		4900	10,278		0
<b>Federal Program 12.130 Total</b>				<b>10,278</b>		<b>0</b>
12.400	Military Construction, National Guard		2450	5,484,689		0
12.400		2022 MOD06/PO#789071	3600	184,556		0 PT
<b>Federal Program 12.400 Total</b>				<b>5,669,245</b>		<b>0</b>
12.401	Natl Guard Military Oper & Maint		2450	16,511,957		0
<b>Federal Program 12.401 Total</b>				<b>16,511,957</b>		<b>0</b>
12.404	National Guard Civilian Youth Opportunities		2450	3,665,593		0
<b>Federal Program 12.404 Total</b>				<b>3,665,593</b>		<b>0</b>
12.617	Economic Adjustment Assistance for State Governmen		1030	772,575	14,511	
<b>Federal Program 12.617 Total</b>				<b>772,575</b>	<b>14,511</b>	
12.900	Language Grant Program		3600	104,585		0
<b>Federal Program 12.900 Total</b>				<b>104,585</b>		<b>0</b>
12.901	Mathematical Sciences Grants Program		3600	85,004		0
<b>Federal Program 12.901 Total</b>				<b>85,004</b>		<b>0</b>
12.999	Department of Defense - Undetermined		3600	522,714		0
12.999		2457 PO#809373	3600	64,543		0 PT
12.999		S-1342-01	3600	8,770		0 PT
12.999			4770	27,793		0
<b>Federal Program 12.999 Total</b>				<b>623,820</b>		<b>0</b>
<b>Dept of Defense Total</b>				<b>27,656,475</b>	<b>14,511</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Housing & Urban Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
14.000	HUD - Contract Number Only Provided	WA19DRD1201	1030	41,334	0	
14.000		08577-004-00-UW-01	3600	60,551	0	PT
14.000		WSU002082	3650	7,736	0	PT
<b>Federal Program 14.000 Total</b>				<b>109,621</b>	<b>0</b>	
14.169	Housing Counseling Assistance Program		1480	254,390	231,838	
<b>Federal Program 14.169 Total</b>				<b>254,390</b>	<b>231,838</b>	
14.171	Manufactured Home Construction and Safety Standard		2350	83,852	0	
<b>Federal Program 14.171 Total</b>				<b>83,852</b>	<b>0</b>	
14.218	ARRA - Commun Dev Blk Grts/Entitlemnt	HATAC FY2015	1480	94,709	94,709	PT
<b>Federal Program 14.218 Total</b>				<b>94,709</b>	<b>94,709</b>	
14.228	Comm Dev Blk Grts States Prgm & Non Ent		1030	11,213,847	10,675,215	
<b>Federal Program 14.228 Total</b>				<b>11,213,847</b>	<b>10,675,215</b>	
14.231	Emergency Shelter Grants Program		1030	2,253,831	2,253,831	
<b>Federal Program 14.231 Total</b>				<b>2,253,831</b>	<b>2,253,831</b>	
14.235	Supportive Housing Program		1030	100,166	0	
<b>Federal Program 14.235 Total</b>				<b>100,166</b>	<b>0</b>	
14.239	Home Investment Partnerships Program		1030	4,969,231	4,503,425	
14.239		HKPS FY2015	1480	180,000	180,000	PT
<b>Federal Program 14.239 Total</b>				<b>5,149,231</b>	<b>4,683,425</b>	
14.241	Housing Opportunities for Persons With AIDS		1030	1,578,551	1,538,907	
<b>Federal Program 14.241 Total</b>				<b>1,578,551</b>	<b>1,538,907</b>	
14.267	Continuum of Care Program		1030	186,902	0	
<b>Federal Program 14.267 Total</b>				<b>186,902</b>	<b>0</b>	
14.323	Emergency Homeowners' Loan Program	EHLG Grant 2014	1480	18,766	4,300	PT
<b>Federal Program 14.323 Total</b>				<b>18,766</b>	<b>4,300</b>	
14.401	Fair Housing Assistance Program_state and Local		1200	281,301	0	
<b>Federal Program 14.401 Total</b>				<b>281,301</b>	<b>0</b>	
14.704	Community Challenge/DOT Tiger II Planning Grants	AM 02	3600	57,591	0	PT
<b>Federal Program 14.704 Total</b>				<b>57,591</b>	<b>0</b>	
<b>Housing &amp; Urban Development Total</b>				<b>21,382,758</b>	<b>19,482,225</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**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
15.000	Bia/Bie Cross-Cutting Section	53-12-GP-579	3600	23,034	0	
15.000		AM02	3600	239,482	0	PT
15.000		F14PX00488 MOD01	3600	108,778	0	
15.000		F14PX01497REQ004016170	3600	3,000	0	
15.000		G13PX01172 MOD2	3600	19,327	0	
15.000		USGS OBLIG #4500075183	3600	6,298	0	
15.000		UW BUD# 665116	3600	63,193	0	PT
15.000		F13PX02117	3650	4,994	0	
15.000		G11PX01218	3650	4,722	0	
15.000		G12PX01408	3650	(10)	0	
15.000		G13PX01343	3650	3,780	0	
15.000		L08AC14837	3650	16,450	0	
15.000		L10PX02187	3650	352	0	
15.000		P10AC00075	3650	3,916	0	
15.000		P12AC10790	3650	11,322	0	
15.000		P12PX16041	3650	41,172	0	
15.000		J8W0710001/H8W07060001	3750	31,274	0	
15.000		F12PX03583	4770	2,555	0	PT
15.000		F14PX01193	4770	5,974	0	
15.000		P14PX01377	4770	42,212	0	
<b>Federal Program 15.000 Total</b>				<b>631,825</b>	<b>0</b>	
15.000A	Bia/Bie Cross-Cutting Section	W911S8-13-2-0023	3760	134,604	0	
<b>Federal Program 15.000A Total</b>				<b>134,604</b>	<b>0</b>	
15.033	Road Maintenance Indian Roads		4050	4,677	0	
<b>Federal Program 15.033 Total</b>				<b>4,677</b>	<b>0</b>	
15.036	Indian Rights Protection	AM01	3600	23,520	0	PT
<b>Federal Program 15.036 Total</b>				<b>23,520</b>	<b>0</b>	
15.114	Indian Education_higher Education Grant Program		3650	319,237	0	
<b>Federal Program 15.114 Total</b>				<b>319,237</b>	<b>0</b>	
15.226	Payments In Lieu of Taxes		0050	85	0	
<b>Federal Program 15.226 Total</b>				<b>85</b>	<b>0</b>	
15.227	Distribution of Receipts to State and Local Govern		0050	18,856	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**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 15.227 Total</b>				<b>18,856</b>	<b>0</b>	
15.228	National Fire Plan - Wildland Urban Interface Comm		4900	221,450	0	
<b>Federal Program 15.228 Total</b>				<b>221,450</b>	<b>0</b>	
15.231	Fish Wildlife & Plant Conserv Res Mgt		3600	90,535	0	
15.231			3650	33,169	0	
15.231			4610	13,291	0	
15.231			4770	106,208	0	
15.231			4900	16,375	0	
<b>Federal Program 15.231 Total</b>				<b>259,578</b>	<b>0</b>	
15.232	Wildland Fire Research and Studies Program		3600	82,456	0	
15.232			3650	9,797	0	
<b>Federal Program 15.232 Total</b>				<b>92,253</b>	<b>0</b>	
15.233	Forests & Woodlands Resource Mgmt		3600	29,147	0	
<b>Federal Program 15.233 Total</b>				<b>29,147</b>	<b>0</b>	
15.236	Envn Quality & Protection Rsc Mgmt		3600	10,725	0	
<b>Federal Program 15.236 Total</b>				<b>10,725</b>	<b>0</b>	
15.238	Challenge Cost Share		3600	1,631	0	
15.238			3650	17,640	0	
15.238			3750	507	0	
15.238			4770	18,000	0	
<b>Federal Program 15.238 Total</b>				<b>37,778</b>	<b>0</b>	
15.512	Central Valley Proj Imprv Act, Title Xxxi		3600	170,057	0	
<b>Federal Program 15.512 Total</b>				<b>170,057</b>	<b>0</b>	
15.531	Yakima Rv Basin Water Enhanc Proj(Yrbwep)		4610	58,650	0	
<b>Federal Program 15.531 Total</b>				<b>58,650</b>	<b>0</b>	
15.608	Fish and Wildlife Management Assistance		3600	52,231	0	
15.608			3650	(2,916)	0	
15.608		201000060075	3650	109,545	97,007	PT
15.608			4770	182,846	0	
<b>Federal Program 15.608 Total</b>				<b>341,706</b>	<b>97,007</b>	
15.614	Coastal Wetlands Planning, Protection and Restorat		4610	2,216,974	802,319	

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 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		4770	70,726	0	
15.614			4900	3,946	0	
<b>Federal Program 15.614 Total</b>				<b>2,291,646</b>	<b>802,319</b>	
15.615	Cooperative Endangered Species Conservation Fund	438401-OC AM09	3600	25,595	0	PT
15.615			4770	4,760,592	0	
15.615			4900	490,480	0	
<b>Federal Program 15.615 Total</b>				<b>5,276,667</b>	<b>0</b>	
15.616	Clean Vessel Act		4650	1,471,384	0	
<b>Federal Program 15.616 Total</b>				<b>1,471,384</b>	<b>0</b>	
15.622	Sportfishing and Boating Safety Act		4670	13,136	0	
<b>Federal Program 15.622 Total</b>				<b>13,136</b>	<b>0</b>	
15.623	North American Wetlands Conservation Fund		4770	47,000	0	
<b>Federal Program 15.623 Total</b>				<b>47,000</b>	<b>0</b>	
15.626	Firearm and Bow Hunter Education and Safety Progra		4770	230,577	0	
<b>Federal Program 15.626 Total</b>				<b>230,577</b>	<b>0</b>	
15.630	Coastal Program		4670	2,162	0	
<b>Federal Program 15.630 Total</b>				<b>2,162</b>	<b>0</b>	
15.631	Partners for Fish and Wildlife		3600	8,377	8,005	
15.631		WILDFLOWER - UW 1	3600	4,228	0	PT
15.631			4610	225,577	0	
15.631			4670	485,525	0	
15.631			4770	1,341,203	0	
15.631			4950	26,604	21,940	
<b>Federal Program 15.631 Total</b>				<b>2,091,514</b>	<b>29,945</b>	
15.634	State Wildlife Grants		4770	1,508,835	0	
<b>Federal Program 15.634 Total</b>				<b>1,508,835</b>	<b>0</b>	
15.635	Neotropical Migratory Bird Conservation		4770	7,908	0	
<b>Federal Program 15.635 Total</b>				<b>7,908</b>	<b>0</b>	
15.639	Tribal Wildlife Grants Program	MCLAUGHLIN	3800	2,033	0	PT
<b>Federal Program 15.639 Total</b>				<b>2,033</b>	<b>0</b>	

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 the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.642	Challenge Cost Share		3700	1,810	0	
<b>Federal Program 15.642 Total</b>				<b>1,810</b>	<b>0</b>	
15.649	Service Training and Technical Assistance (Generic)		3700	2,378	0	
15.649		10-1610	3760	25,255	0	PT
<b>Federal Program 15.649 Total</b>				<b>27,633</b>	<b>0</b>	
15.655	Migratory Bird Monitoring, Assessment and Conserva	IHP 15-091	3600	32,978	0	PT
15.655			4770	16,790	0	
<b>Federal Program 15.655 Total</b>				<b>49,768</b>	<b>0</b>	
15.657	Endangered Species Conservation		3600	134,504	0	
15.657		36633052, R/SF-54	3600	71,141	0	PT
15.657		WA-S-2013-028-2 AM02	3600	4,394	0	PT
15.657			3650	6,383	0	
15.657		WA-C-2011-022-0	3760	61,788	0	PT
15.657		WA-C-2014-028-0	3760	2,029	0	PT
15.657			4650	1,020	0	
15.657			4770	386,482	0	
15.657			4900	16,069	0	
<b>Federal Program 15.657 Total</b>				<b>683,810</b>	<b>0</b>	
15.660	Endangered Species - Candidate Conservation Action		4770	36,930	0	
15.660			4900	1,091	0	
<b>Federal Program 15.660 Total</b>				<b>38,021</b>	<b>0</b>	
15.661	Lower Snake River Compensation Plan		4770	3,445,417	0	
<b>Federal Program 15.661 Total</b>				<b>3,445,417</b>	<b>0</b>	
15.666	Endangered Species Conservation-Wolf Livestock Los		4770	12,220	0	
<b>Federal Program 15.666 Total</b>				<b>12,220</b>	<b>0</b>	
15.668	Coastal Impact Assistance Program	3605.6355.G051304	3600	15,056	0	PT
<b>Federal Program 15.668 Total</b>				<b>15,056</b>	<b>0</b>	
15.670	Adaptive Science		3600	8,921	0	
15.670		PROJECT A102684	3600	4,817	0	PT
<b>Federal Program 15.670 Total</b>				<b>13,738</b>	<b>0</b>	
15.810	National Cooperative Geologic Mapping Program		3650	7,384	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards**

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**Federal Programs Not Clustered**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.810	National Cooperative Geologic Mapping Program		3750	14,911		0
15.810			4900	181,274		0
<b>Federal Program 15.810 Total</b>				<b>203,569</b>		<b>0</b>
15.814	National Geological and Geophysical Data Preservat		4900	17,782		0
<b>Federal Program 15.814 Total</b>				<b>17,782</b>		<b>0</b>
15.815	National Land Remote Sensing Education Outreach An		4050	161		0
<b>Federal Program 15.815 Total</b>				<b>161</b>		<b>0</b>
15.820	National Climate Change and Wildlife Service Cente		3600	4,999		0
15.820		GS240B-B AM04	3600	484,286		0 PT
15.820		GS275A-A AM03	3600	116,104		0 PT
15.820		GS276A-A AM02	3600	78,886		0 PT
15.820		GS277A-B AM01	3600	34,472		0 PT
15.820		GS292A-A	3600	114,824		0 PT
15.820		GS297A-A	3600	62,945		0 PT
15.820		GS301A-A	3600	36,924		0 PT
15.820		SUBGRANTNOGS254AAAM01	3600	(390)		0 PT
<b>Federal Program 15.820 Total</b>				<b>933,050</b>		<b>0</b>
15.904	Historic Preservation Fund Grants-In-Aid		3550	841,975		0
15.904		FY15-61015-009	3750	5,353		0 PT
15.904			3800	412		0
<b>Federal Program 15.904 Total</b>				<b>847,740</b>		<b>0</b>
15.916	Outdoor Recreation_acquisition, Development and Pl		4670	402,332	388,283	
<b>Federal Program 15.916 Total</b>				<b>402,332</b>	<b>388,283</b>	
15.921	Rivers, Trails and Conservation Assistance		4050	84,877		0
15.921			4770	184,418		0
<b>Federal Program 15.921 Total</b>				<b>269,295</b>		<b>0</b>
15.922	Native American Graves Protection and Repatriation		3600	13,645		0
<b>Federal Program 15.922 Total</b>				<b>13,645</b>		<b>0</b>
15.931	Conserv Activities By Youth Service Org		4610	315,117		0
<b>Federal Program 15.931 Total</b>				<b>315,117</b>		<b>0</b>
15.933	Preservation of Japanese American Confinement Site		3650	18,242		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**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 15.933 Total</b>				<b>18,242</b>	<b>0</b>	
15.999	Department of Interior - Undetermined		3600	171,004	0	
15.999			4770	34,946	0	
15.999			6990	35,881	0	
<b>Federal Program 15.999 Total</b>				<b>241,831</b>	<b>0</b>	
<b>Dept of the Interior Total</b>				<b>22,847,247</b>	<b>1,317,554</b>	

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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.000	Justice - Contract Number Only Provided	WA034110	1950	68,654	0	
16.000		C080692FED-GET1	2250	585	0	
16.000		C090226FED-TFE1	2250	17,089	0	
16.000		C140154FED-TFL1	2250	3,625	0	
16.000		C140155FED-TFK4	2250	1,435	0	
16.000		C140156FED-TFK9	2250	5,754	0	
16.000		C140157FED-TFK8	2250	3,496	0	
16.000		C140158FED-TFK7	2250	3,188	0	
16.000		C140159GSC-TFK5	2250	2,530	0	
16.000		C141201FED-MJ14	2250	933,675	132,986	
16.000		C141232FED-ROCK	2250	4,226	0	
16.000		K10029-TFL7	2250	8,975	0	
16.000		K10056-TFL8	2250	8,128	0	
16.000		K10144-TFM1	2250	11,070	0	
16.000		K10145-TFM2	2250	9,044	0	
16.000		K10146-TFM3	2250	13,541	0	
16.000		K10147-TFM4	2250	24,587	0	
16.000		K10277-OPT1	2250	242	0	
16.000		K10278-RCK1	2250	11,600	0	
16.000		K10393-CAT1	2250	575	0	
16.000		K10768-MJ15	2250	96,963	0	
16.000		K10773-TWS1	2250	296	0	
16.000		K10838-PAC1	2250	1,122	0	
16.000		K10881-TFM9	2250	1,295	0	
16.000		K11051-PAL1	2250	1,903	0	
16.000		2010DBX0661	3650	98,677	0	
16.000		2011DNBXK549	3650	6,800	0	
16.000		2013JICX0044	3650	24,224	0	
16.000		WSU002168	3650	57,897	0	PT
<b>Federal Program 16.000 Total</b>				<b>1,421,196</b>	<b>132,986</b>	
16.013	Violence Against Women Act Court Training and Impr		0550	29,558	0	
<b>Federal Program 16.013 Total</b>				<b>29,558</b>	<b>0</b>	
16.017	Sexual Assault Services Program		1030	315,086	304,944	
<b>Federal Program 16.017 Total</b>				<b>315,086</b>	<b>304,944</b>	

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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.523	Juvenile Accountability Block Grants		3000	419,604	320,089	
	<b>Federal Program 16.523 Total</b>			<b>419,604</b>	<b>320,089</b>	
16.525	Grants to Reduce Domestic Violence, Dating Violenc		3650	114,955	0	
	<b>Federal Program 16.525 Total</b>			<b>114,955</b>	<b>0</b>	
16.540	Juvenile Justice and Delinquency Prevention_alloca		3000	626,476	0	
	<b>Federal Program 16.540 Total</b>			<b>626,476</b>	<b>0</b>	
16.541	Part E - Developing, Testing and Demonstrating Pro		3000	1,966	0	
16.541			3600	426,482	141,194	
	<b>Federal Program 16.541 Total</b>			<b>428,448</b>	<b>141,194</b>	
16.550	State Justice Statistics Program for Statistical A		1050	105,782	0	
	<b>Federal Program 16.550 Total</b>			<b>105,782</b>	<b>0</b>	
16.554	National Criminal History Improvement Program (Nch		2250	305,660	109,721	
	<b>Federal Program 16.554 Total</b>			<b>305,660</b>	<b>109,721</b>	
16.575	Crime Victim Assistance		1030	8,617,505	5,192,159	
	<b>Federal Program 16.575 Total</b>			<b>8,617,505</b>	<b>5,192,159</b>	
16.576	Crime Victim Compensation		2350	1,846,019	0	
	<b>Federal Program 16.576 Total</b>			<b>1,846,019</b>	<b>0</b>	
16.585	Drug Court Discretionary Grant Program		3000	11,392	0	
16.585		2010DCBX0097	3650	2,001	0	PT
	<b>Federal Program 16.585 Total</b>			<b>13,393</b>	<b>0</b>	
16.588	Violence Against Women - Form Grnts		1030	2,618,536	2,196,773	
	<b>Federal Program 16.588 Total</b>			<b>2,618,536</b>	<b>2,196,773</b>	
16.590	Grants to Encourage Arrest Policies and Enforcemen		1030	324,965	299,389	
	<b>Federal Program 16.590 Total</b>			<b>324,965</b>	<b>299,389</b>	
16.593	Residential Substance Abuse Treatment for State Pr		3000	135,361	90,000	
	<b>Federal Program 16.593 Total</b>			<b>135,361</b>	<b>90,000</b>	
16.606	State Criminal Alien Assistance Program		3100	851,005	0	
	<b>Federal Program 16.606 Total</b>			<b>851,005</b>	<b>0</b>	
16.727	Enforcing Underage Drinking Laws Program		3000	150,770	1,468	

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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 16.727 Total</b>				<b>150,770</b>	<b>1,468</b>	
16.730	Reduction and Prevention of Children's Exposure To		3650	391,567	99,880	
16.730		9920110126	3650	23,110	0	PT
16.730		115314-G002990	6990	209,516	209,516	PT
<b>Federal Program 16.730 Total</b>				<b>624,193</b>	<b>309,396</b>	
16.735	Protecting Inmates and Safeguarding Communities DI		1030	89,540	89,540	
16.735			3100	67,123	0	
<b>Federal Program 16.735 Total</b>				<b>156,663</b>	<b>89,540</b>	
16.738	Edwrld Byrne Mem Justice Asst Grant Pgm		1030	3,499,924	2,215,892	
<b>Federal Program 16.738 Total</b>				<b>3,499,924</b>	<b>2,215,892</b>	
16.741	Forensic DNA Backlog Reduction Program		2250	1,339,949	198,814	
<b>Federal Program 16.741 Total</b>				<b>1,339,949</b>	<b>198,814</b>	
16.742	Paul Coverdell Forensic Sciences Improvement Grant		2250	149,402	58,380	
<b>Federal Program 16.742 Total</b>				<b>149,402</b>	<b>58,380</b>	
16.746	Capital Case Litigation		0560	106,021	0	
16.746			3600	24,758	0	
<b>Federal Program 16.746 Total</b>				<b>130,779</b>	<b>0</b>	
16.750	Support for ADAM Walsh Act Implementation Grant Pr		1030	136,920	136,920	
<b>Federal Program 16.750 Total</b>				<b>136,920</b>	<b>136,920</b>	
16.751	Edward Byrne Memorial Competitive Grant Program		1030	20,937	0	
<b>Federal Program 16.751 Total</b>				<b>20,937</b>	<b>0</b>	
16.754	Harold Rogers Prescription Drug Monitoring Program		3030	259,493	72,741	
<b>Federal Program 16.754 Total</b>				<b>259,493</b>	<b>72,741</b>	
16.812	Second Chance Act Prisoner Reentry Initiative		3000	707,556	0	
16.812			3100	253,893	0	
<b>Federal Program 16.812 Total</b>				<b>961,449</b>	<b>0</b>	
16.816	John R Justice Prosecutors & Defenders Inc Act		3400	43,630	42,308	
<b>Federal Program 16.816 Total</b>				<b>43,630</b>	<b>42,308</b>	
16.922	Equitable Sharing Program		2250	302,574	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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 16.922 Total</b>				<b>302,574</b>	<b>0</b>	
16,999	Department of Justice - Undetermined		1170	328,569	0	
<b>Federal Program 16.999 Total</b>				<b>328,569</b>	<b>0</b>	
<b>Dept of Justice Total</b>				<b>26,278,801</b>	<b>11,912,714</b>	

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*For the Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.002	Labor Force Statistics		5400	1,754,906	0	
<b>Federal Program 17.002 Total</b>				<b>1,754,906</b>	<b>0</b>	
17.005	Compensation and Working Conditions		2350	241,635	0	
<b>Federal Program 17.005 Total</b>				<b>241,635</b>	<b>0</b>	
17.225	Unemployment Insurance		5400	1,070,707,692	0	
<b>Federal Program 17.225 Total</b>				<b>1,070,707,692</b>	<b>0</b>	
17.235	Senior Comm Service EmPLY Pgm		3000	1,161,478	1,064,368	
<b>Federal Program 17.235 Total</b>				<b>1,161,478</b>	<b>1,064,368</b>	
17.245	Trade Adjustment Assistance		5400	7,886,719	0	
<b>Federal Program 17.245 Total</b>				<b>7,886,719</b>	<b>0</b>	
17.260A	ARRA - WIA Dislocated Workers	WFC-WIA-A-DW-05-01	6990	42,000	0	PT
<b>Federal Program 17.260A Total</b>				<b>42,000</b>	<b>0</b>	
17.261	WIA Pilots, Demonstrations, and Research Projects		5400	757,308	0	
<b>Federal Program 17.261 Total</b>				<b>757,308</b>	<b>0</b>	
17.268	H-1b Job Training Grants		3540	253,629	0	
<b>Federal Program 17.268 Total</b>				<b>253,629</b>	<b>0</b>	
17.269	Community Based Job Training Grants		6990	15,322	0	
<b>Federal Program 17.269 Total</b>				<b>15,322</b>	<b>0</b>	
17.270	Reintegration of Ex-Offenders	7882	5400	51,463	0	PT
17.270		14/229-NEGJD	6990	18,417	0	PT
17.270		5744946	6990	9,580	0	PT
<b>Federal Program 17.270 Total</b>				<b>79,460</b>	<b>0</b>	
17.271	Work Opportunity Tax Credit Program (Wotc)		5400	334,906	0	
<b>Federal Program 17.271 Total</b>				<b>334,906</b>	<b>0</b>	
17.273	Temporary Labor Certification for Foreign Workers		5400	309,744	0	
<b>Federal Program 17.273 Total</b>				<b>309,744</b>	<b>0</b>	
17.274	Youthbuild	YB 24687-13-60-A-54	6990	27,000	0	PT
<b>Federal Program 17.274 Total</b>				<b>27,000</b>	<b>0</b>	
17.277	Workforce Investment Act (Wia) National Emergency		5400	4,232,470	2,960,975	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.277	Workforce Investment Act (Wia) National Emergency	C2C-BTC-RRT-PY14	6990	63,720	0	PT
17.277		TC-22520	6990	22,950	0	PT
<b>Federal Program 17.277 Total</b>				<b>4,319,140</b>	<b>2,960,975</b>	
17.282	Trade Adjustment Assist Comm College & Career Trng		6990	10,299,228	0	
17.282		TC-22490-11-60-A53	6990	309,355	0	PT
17.282		TC-22490-11-60A-53	6990	152,567	0	PT
17.282		TC-22520	6990	341,407	0	PT
17.282		TC-23794-12-60-A-20	6990	623,583	0	PT
17.282		TC-26512-14-60-A-53	6990	142,599	0	PT
17.282		TC26512-14-60-A-53	6990	23,665	0	PT
<b>Federal Program 17.282 Total</b>				<b>11,892,404</b>	<b>0</b>	
17.503	Occupational Safety &health State Prog		2350	6,903,194	0	
<b>Federal Program 17.503 Total</b>				<b>6,903,194</b>	<b>0</b>	
17.600	Mine Health and Safety Grants		3700	129,377	0	
<b>Federal Program 17.600 Total</b>				<b>129,377</b>	<b>0</b>	
17.805	Homeless Veterans Reintegration Project		3050	401,858	0	
<b>Federal Program 17.805 Total</b>				<b>401,858</b>	<b>0</b>	
<b>Dept of Labor Total</b>				<b>1,107,217,772</b>	<b>4,025,343</b>	

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 Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
19.000	State - Contract Number Only Provided	13-15-04-01	3600	9,462	0	
19.000		201121454-17 AM01	3600	79,324	0	PT
19.000		31597100001UWLSMOD03	3600	27,095	0	PT
19.000		AID-486-A-13-00011	3600	622,456	0	
19.000		AID0AAA1200023MOD02	3600	1,234,845	626,258	
19.000		AID0AAG1400014MOD01	3600	2,327	0	
19.000		ORC11640200529697CRT	3600	19,383	0	PT
19.000		PC-12-8-067 MOD03	3600	15,220	0	
19.000		SH1113 AM09	3600	66,874	0	PT
19.000		SIAPS-2011-003 TO #12	3600	4,390	0	PT
19.000		SIAPS-2011-003 TO10	3600	107,886	0	PT
19.000		SIAPS2011003TO11AM02	3600	13,389	0	PT
<b>Federal Program 19.000 Total</b>				<b>2,202,651</b>	<b>626,258</b>	
19.009	Academic Exchange Programs - Undergraduate Program		3650	149,054	0	
19.009			6990	2,131,858	0	
<b>Federal Program 19.009 Total</b>				<b>2,280,912</b>	<b>0</b>	
19.010	Academic Exchange Programs - Humphrey Fellowship P	AM01	3600	219,631	0	PT
<b>Federal Program 19.010 Total</b>				<b>219,631</b>	<b>0</b>	
19.033	Global Threat Reduction		3600	98,199	0	
<b>Federal Program 19.033 Total</b>				<b>98,199</b>	<b>0</b>	
19.415	Professional Exchanges_annual Open Grant	SECACU12CA100SSAM01	3600	12,915	0	PT
<b>Federal Program 19.415 Total</b>				<b>12,915</b>	<b>0</b>	
19.703	Criminal Justice Systems		3600	3,126,625	0	
<b>Federal Program 19.703 Total</b>				<b>3,126,625</b>	<b>0</b>	
<b>Dept of State Total</b>				<b>7,940,933</b>	<b>626,258</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.000	DOT - Contract Number Only Provided	DTNH2209H00263	2280	84,089	43,374	
20.000		DTNH221200025L	2280	22,000	22,000	
20.000		DTNH221200153L	2280	134,033	0	
20.000		008500 TO.012	3600	27,175	0	PT
20.000		1001283139	3600	93,376	0	PT
20.000		101219SB1E TO01 MOD2	3600	(37)	0	PT
20.000		12-C-AM-UW AM03	3600	47,467	0	
20.000		12-C-AM-UW-005	3600	72,220	24,400	
20.000		8500-060 MOD02	3600	19,624	0	PT
20.000		8928-S-008 TO07 MOD07	3600	120,289	0	PT
20.000		DAILEY2811IPA483001	3600	183,717	0	
20.000		DTFH64-13-G-00009	3600	3,781	0	
20.000		S-002234-UW-00 MOD01	3600	48,132	0	PT
20.000		TOPR210026RR02UW1	3600	5,686	0	PT
20.000		TOPR4_10-026-RR04-UW_1	3600	33,161	0	PT
20.000		TOPR710026RR02UW1	3600	901	0	PT
20.000		UW BUD# 668195	3600	92,192	0	PT
20.000		12CAMWSU	3650	21,843	0	
20.000		45119919276	3650	455,441	0	PT
20.000		GF40511	3650	22,870	0	PT
20.000		HR0949A	3650	295,510	89,632	PT
20.000		WSU000305	3650	4,314	0	PT
20.000		WSU006	3650	8,876	0	PT
<b>Federal Program 20.000 Total</b>				<b>1,796,660</b>	<b>179,406</b>	
20.106	Airport Improvement Program		4050	(19,141)	0	
<b>Federal Program 20.106 Total</b>				<b>(19,141)</b>	<b>0</b>	
20.215	Highway Training and Education	1213	3650	69,663	0	PT
20.215			3700	19,625	0	
<b>Federal Program 20.215 Total</b>				<b>89,288</b>	<b>0</b>	
20.218	National Motor Carrier Safety		2250	4,129,457	91,992	
20.218			4050	274,036	0	
<b>Federal Program 20.218 Total</b>				<b>4,403,493</b>	<b>91,992</b>	
20.223	Transportation Infrastructure Finance and Innovati		4050	185,199,364	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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 20.223 Total</b>				<b>185,199,364</b>	<b>0</b>	
20.232	Commercial Driver License State Programs		2400	320,608	0	
<b>Federal Program 20.232 Total</b>				<b>320,608</b>	<b>0</b>	
20.233	Border Enforcement Grants		2250	368,939	0	
<b>Federal Program 20.233 Total</b>				<b>368,939</b>	<b>0</b>	
20.235	Commercial Motor Vehicle Operator Training Grants		6990	35,801	0	
<b>Federal Program 20.235 Total</b>				<b>35,801</b>	<b>0</b>	
20.239	Motor Carrier Research and Technology Programs	425942-19124A MOD01	3600	59	0	PT
<b>Federal Program 20.239 Total</b>				<b>59</b>	<b>0</b>	
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Eff		2400	46,976	0	
<b>Federal Program 20.240 Total</b>				<b>46,976</b>	<b>0</b>	
20.317	Capital Assistance to States - Intercity Passenger		4050	3,442,345	0	
<b>Federal Program 20.317 Total</b>				<b>3,442,345</b>	<b>0</b>	
20.319A	ARRA - High Speed Rail Corr & Passenger Rail Cap		4050	143,526,800	3,325,147	
<b>Federal Program 20.319A Total</b>				<b>143,526,800</b>	<b>3,325,147</b>	
20.320	Rail Line Relocation and Improvement		4050	(3,676)	0	
<b>Federal Program 20.320 Total</b>				<b>(3,676)</b>	<b>0</b>	
20.505	Federal Transit Metropolitan Planning		4050	383,063	0	
<b>Federal Program 20.505 Total</b>				<b>383,063</b>	<b>0</b>	
20.509	Formula Grants for Rural Areas		4050	13,449,643	11,759,216	
<b>Federal Program 20.509 Total</b>				<b>13,449,643</b>	<b>11,759,216</b>	
20.509A	ARRA - Formula Grants for Other Than Urbanized		4050	135,933	0	
<b>Federal Program 20.509A Total</b>				<b>135,933</b>	<b>0</b>	
20.528	Rail Fixed Guideway Public Transportation System S		4050	240,429	0	
<b>Federal Program 20.528 Total</b>				<b>240,429</b>	<b>0</b>	
20.608	Minimum Penalties for Repeat Offenders for Driving		2280	8,633,867	8,633,867	
<b>Federal Program 20.608 Total</b>				<b>8,633,867</b>	<b>8,633,867</b>	
20.614	Nhtsa Discretionary Safety Grants		3600	566,809	18,144	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 20.614 Total</b>				<b>566,809</b>	<b>18,144</b>	
20.700	Pipeline Safety Program Base Grants		2150	1,286,289	0	
<b>Federal Program 20.700 Total</b>				<b>1,286,289</b>	<b>0</b>	
20.701	University Transportation Centers Program		3600	2,149,773	1,208,128	
20.701		N/A	3700	6,750	0	PT
<b>Federal Program 20.701 Total</b>				<b>2,156,523</b>	<b>1,208,128</b>	
20.703	Interagency Hazardous Materials Public Sector Trai		2450	238,827	54,439	
<b>Federal Program 20.703 Total</b>				<b>238,827</b>	<b>54,439</b>	
20.933	Surface Transportation Infrastructure Disc. Grants		4050	17,415,225	4,908,100	
<b>Federal Program 20.933 Total</b>				<b>17,415,225</b>	<b>4,908,100</b>	
<b>Dept of Transportation Total</b>				<b>383,714,124</b>	<b>30,178,439</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of the Treasury**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
21.000	Department of Treasury - Undetermined	PLC112-55x13506	1480	61,953	57,900	PT
<b>Federal Program 21.000 Total</b>				<b>61,953</b>	<b>57,900</b>	
21.008	Low-Income Taxpayer Clinics		3600	97,745	0	
<b>Federal Program 21.008 Total</b>				<b>97,745</b>	<b>0</b>	
21.999	Department of Treasury - Undetermined		1030	1,208,752	1,085,793	
21.999			1170	27,044	0	
<b>Federal Program 21.999 Total</b>				<b>1,235,796</b>	<b>1,085,793</b>	
<b>Dept of the Treasury Total</b>				<b>1,395,494</b>	<b>1,143,693</b>	

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 Year Ended  
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**Federal Programs Not Clustered**

**General Services Administration**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
39.003	Donation of Federal Surplus Personal Property		2400	568	0	NC
39.003			2450	13,206	0	NC
39.003			3000	947	0	NC
39.003			3050	314	0	NC
39.003			4770	142	0	NC
39.003			4900	142	0	NC
39.003			6990	800,684	0	NC
<b>Federal Program 39.003 Total</b>				<b>816,003</b>	<b>0</b>	
<b>General Services Administration Total</b>				<b>816,003</b>	<b>0</b>	

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 Year Ended  
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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
43.000	Nasa - Contract Number Only Provided	12-0233 MOD03	3600	189,359	0	PT
43.000		12-0233 MOD04	3600	72,243	0	PT
43.000		1303809 MOD18	3600	46,460	0	PT
43.000		1318943NNN13D006TMOD23	3600	79,011	0	PT
43.000		1318945 MOD18	3600	107,464	0	PT
43.000		1375272, MOD08	3600	(4,423)	0	PT
43.000		1459517 MOD01	3600	38,471	0	PT
43.000		1506559	3600	104,174	0	PT
43.000		1510143	3600	19,000	0	PT
43.000		1517773 MOD02	3600	106,115	0	PT
43.000		2-1092669 MOD05	3600	95,248	0	PT
43.000		4-10067-4051 AM20	3600	4,592	0	PT
43.000		ARO-11014X AM04F	3600	16,546	0	PT
43.000		HST-AR-12852.03-A AM01	3600	(1,183)	0	PT
43.000		HST-GO-11580.001A AM05	3600	459	0	PT
43.000		HST-GO-11688.01-A AM02	3600	71	0	PT
43.000		HST-GO-11732.02-A	3600	1	0	PT
43.000		HST-GO-12055.01-A AM05	3600	528,761	0	PT
43.000		HST-GO-12178.01-A AM02	3600	18,905	0	PT
43.000		HSTGO1205501AAMEND1	3600	539	0	PT
43.000		N-A33P	3600	24,341	0	PT
43.000		N-S02P	3600	1,534	0	PT
43.000		NNX09AE47G S08	3600	39,102	0	
43.000		NNX09AL02G S04	3600	(2,642)	0	
43.000		NNX09AU71G S09	3600	2,006	0	
43.000		NNX09AV78G S000006	3600	48,256	0	
43.000		NNX10AE98G S05	3600	121,328	0	
43.000		NNX10AF48A	3600	378	0	
43.000		NNX10AK64H S07	3600	474,379	167,205	
43.000		NNX10AQ33G S04	3600	9,419	0	
43.000		NNX10AQ90G S05	3600	58,883	0	
43.000		NNX11AC23G S02	3600	32,720	0	
43.000		NNX11AQ61H S04	3600	6,320	0	
43.000		NNX12AH14G S000002	3600	154,075	0	
43.000		NNX13AD26G S000003	3600	119,242	0	
43.000		NNX13AG71G S000003	3600	168,136	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**

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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
43.000	Nasa - Contract Number Only Provided	NNX13AH74G S06	3600	50,275	0	
43.000		NNX13AN49G S01	3600	102,036	0	
43.000		NNX13AR38H	3600	3,346	0	
43.000		PY-2426-22727-D AM25	3600	40,204	0	PT
43.000		RC508-G1 AM02	3600	11,999	0	PT
43.000		RSA 1439137	3600	29,887	0	PT
43.000		SMST03402 AM01	3600	389,966	0	PT
43.000		SMST03402 AM02	3600	18,961	0	PT
43.000		SUBAWD 00652	3600	41,376	0	PT
43.000		SV3-83025 AM04	3600	18,943	0	PT
43.000		UW BUD# 660142	3600	(14,118)	0	PT
43.000		UW BUD# 668145	3600	2,696	0	PT
43.000		UW BUD# 669977	3600	12,826	0	PT
43.000		NNX09AI82G	3650	8,259	0	
43.000		hST-GO-13415.005-A	3700	6,420	0	PT
<b>Federal Program 43.000 Total</b>				<b>3,402,366</b>	<b>167,205</b>	
43.001	Science		3600	10,357,848	1,547,300	
43.001		1 GG008879 AM02	3600	78,086	0	PT
43.001		10029442-WA AM02	3600	13,871	0	PT
43.001		12-006827 A AM05	3600	114,007	0	PT
43.001		130785-5060310 AM02	3600	56,189	0	PT
43.001		1513823	3600	25,049	0	PT
43.001		1552357MOD01PO10004540	3600	25,772	0	PT
43.001		2NO48-7531 AM01	3600	63,512	0	PT
43.001		4500001053 AM02	3600	12,717	0	PT
43.001		510 AM01	3600	2,673	0	PT
43.001		510 AM13	3600	184,778	0	PT
43.001		60042702-PO#RF01360993	3600	10,038	0	PT
43.001		A101125	3600	126,546	0	PT
43.001		A101137	3600	48,892	0	PT
43.001		AR2-13007X AM03	3600	33,136	0	PT
43.001		GO4-15088X AM01	3600	26,119	0	PT
43.001		HST-AR-12628.01-A	3600	31,854	0	PT
43.001		HST-AR-12656.05-A	3600	54	0	PT
43.001		HST-AR-12834.01-A	3600	19,701	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**

**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-AR-13277.01-A	3600	11,588	0	PT
43.001		HST-AR-13903.001-A	3600	6,482	0	PT
43.001		HST-GO-12581.06-A AM01	3600	17,469	0	PT
43.001		HST-GO-12605.06-A	3600	(7)	0	PT
43.001		HST-GO-12870.07-A	3600	71,811	0	PT
43.001		HST-GO-12997.01-A	3600	11,418	0	PT
43.001		HST-GO-13028.019-A	3600	7,725	0	PT
43.001		HST-GO-13357.01-A AM01	3600	7,718	0	PT
43.001		HST-GO-13461.001-A	3600	118	0	PT
43.001		HST-GO-13650.004-A	3600	5,685	0	PT
43.001		HST-GO-13768.009-A	3600	2,853	0	PT
43.001		HST-GO-13857.001-A	3600	4,865	0	PT
43.001		HSTAR13264001AAM01	3600	70,778	0	PT
43.001		HSTGO13297006AAM01	3600	44,656	0	PT
43.001		HSTGO13366004AAM01	3600	29,956	0	PT
43.001		HSTGO13709001AAM02	3600	50,909	0	PT
43.001		HSTHF251331002AAM01	3600	90,247	0	PT
43.001		MA140004 AM01	3600	56,683	0	PT
43.001		MA140004 AM02	3600	4,743	0	PT
43.001		MA140040 AM01	3600	61,284	0	PT
43.001		S0184217 AM01	3600	19,903	0	PT
43.001		UM-S965	3600	124,390	0	PT
43.001			3650	269,572	40,652	
43.001		361090335	3650	48,280	0	PT
43.001		627619776	3650	39,158	0	PT
43.001		GNK013SB001	3650	68,988	0	PT
43.001		NNX12AQ56G	3650	55,012	0	PT
43.001		WSU001261	3650	(12,949)	0	PT
43.001			3750	113,202	0	
43.001		1507471/NNN12AA01C	3750	38,434	0	PT
<b>Federal Program 43.001 Total</b>				<b>12,551,813</b>	<b>1,587,952</b>	
43.002	Technology Transfer	1548572 MOD03	3600	(14,428)	0	PT
<b>Federal Program 43.002 Total</b>				<b>(14,428)</b>	<b>0</b>	
43.007	Space Operations		3600	37,163	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 43.007 Total</b>				<b>37,163</b>	<b>0</b>	
43.008	Education		3600	258,477	0	
<b>Federal Program 43.008 Total</b>				<b>258,477</b>	<b>0</b>	
<b>National Aeronautics &amp; Space Admin Total</b>				<b>16,235,391</b>	<b>1,755,157</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.000	Nsf - Contract Number Only Provided	49092217	3600	2,570	0	PT
47.000		49092217 AMO1	3600	13,763	0	PT
47.000		GSTCN010652UWAPLAM2	3600	(269)	0	PT
47.000		GSTCN0106S2 AM08	3600	372,334	0	PT
47.000		JHU-UW-100 TO02	3600	25,045	0	PT
47.000		PO 564K432	3600	14,589	0	PT
47.000		PO J9255A-030514	3600	1,906	0	PT
47.000		PO#27191	3600	7,131	0	PT
47.000		T261090FORMERLYT082877	3600	101,946	0	PT
47.000		UW BUD# 668428	3600	46,521	0	PT
47.000		415909G	3650	72,695	0	PT
47.000		75ADV1090486	3650	(1)	0	PT
47.000		CCF1218885	3650	142,232	0	
47.000		CMMI1348747	3650	41,512	0	
47.000		IOS1249298	3650	30,634	0	
47.000		ISE1446127	3650	10,073	0	
47.000		WSU002453	3650	2,990	0	PT
47.000		WSU002603	3650	1,928	0	PT
47.000		UWSC5940	6990	20,645	0	PT
<b>Federal Program 47.000 Total</b>				<b>908,244</b>	<b>0</b>	
<b>National Science Foundation Total</b>				<b>908,244</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Small Business Administration**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
59.037	Small Business Development Centers		3650	2,483,891	107,226	
<b>Federal Program 59.037 Total</b>				<b>2,483,891</b>	<b>107,226</b>	
59.050	Prime Technical Assistance		3700	69,683	0	
<b>Federal Program 59.050 Total</b>				<b>69,683</b>	<b>0</b>	
59.061	State Trade & Export Promotion Pilot Grant Program		1030	412,482	0	
<b>Federal Program 59.061 Total</b>				<b>412,482</b>	<b>0</b>	
<b>Small Business Administration Total</b>				<b>2,966,056</b>	<b>107,226</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Tennessee Valley Authority**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
62.000	Tva - Contract Number Only Provided	00070223	3650	40,321	0	
<b>Federal Program 62.000 Total</b>				<b>40,321</b>	<b>0</b>	
<b>Tennessee Valley Authority Total</b>				<b>40,321</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	518C31227	3600	1,303	0	
64.000		640D40114	3600	15,287	0	
64.000		646D47099/646D57052	3600	19,877	0	
64.000		646D57092	3600	9,939	0	
64.000		663C41302	3600	14,590	0	
64.000		663C41306/663C51334	3600	72,191	0	
64.000		663C41307/663C51336	3600	28,672	0	
64.000		663C41308/663C51330	3600	87,608	0	
64.000		663C41311/663C51338	3600	25,679	0	
64.000		663C41312/663C51343	3600	111,509	0	
64.000		663C41315/663C51333	3600	59,289	0	
64.000		663C41325	3600	19,076	0	
64.000		663C41407	3600	12,624	0	
64.000		663C41444	3600	11,771	0	
64.000		663C41445	3600	5,526	0	
64.000		663C51329	3600	13,996	0	
64.000		663C51376	3600	16,528	0	
64.000		663C51377	3600	22,350	0	
64.000		663C51430	3600	37,872	0	
64.000		663D43002/663D53017	3600	16,385	0	
64.000		663D43005/663D53009	3600	22,875	0	
64.000		663D43007/663D53001	3600	29,322	0	
64.000		663D43012	3600	12,295	0	
64.000		663D43013/663D53002	3600	44,811	0	
64.000		663D43014/663D53003	3600	31,931	0	
64.000		663D43015/663D53015	3600	66,511	0	
64.000		663D43016/663D53005	3600	11,975	0	
64.000		663D43019/663D53021	3600	53,734	0	
64.000		663D43026/663D53031	3600	88,923	0	
64.000		663D43028/663D53034	3600	42,684	0	
64.000		663D43029/663D53035	3600	84,096	0	
64.000		663D43034/663D53019	3600	38,650	0	
64.000		663D43037/663D53032	3600	42,799	0	
64.000		663D43039/663D53043	3600	78,260	0	
64.000		663D43040/663D53030	3600	56,041	0	
64.000		663D43041/663D53046	3600	49,339	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	663D43045/663D53050	3600	5,522		0
64.000		663D43049	3600	5,654		0
64.000		663D43052/663D53013	3600	11,274		0
64.000		663D43053/663D53014	3600	14,077		0
64.000		663D43057	3600	(1,293)		0
64.000		663D43058	3600	3,117		0
64.000		663D43059/663D53044	3600	56,757		0
64.000		663D43060/663D53000	3600	14,285		0
64.000		663D43063/663D53026	3600	85,771		0
64.000		663D43069/663D53023	3600	9,317		0
64.000		663D43070/663D53007	3600	8,692		0
64.000		663D43071/663D53020	3600	20,832		0
64.000		663D43072/663D53039	3600	56,474		0
64.000		663D43074/663D53045	3600	7,797		0
64.000		663D43075/663D53040	3600	49,687		0
64.000		663D43076/663D53041	3600	17,147		0
64.000		663D53003	3600	44,704		0
64.000		663D53013	3600	3,758		0
64.000		663D53034	3600	18,293		0
64.000		663D53038	3600	24,635		0
64.000		663D53055	3600	9,669		0
64.000		663D53060	3600	13,696		0
64.000		663D53061	3600	3,182		0
64.000		663D53062	3600	28,833		0
64.000		663D53065	3600	24,322		0
64.000		663D53066	3600	31,476		0
64.000		663D53067	3600	14,600		0
64.000		MOD 02	3600	119,391		0 PT
64.000		PO#663D43036	3600	3,725		0
64.000		VA24112C0199518C35204	3600	5,735		0
64.000		VA260-P-0931 663C45175	3600	32,812		0
64.000		VA260-P-0931 663C55185	3600	24,868		0
64.000		VA26013C0020663C45081	3600	15,643		0
64.000		VA26013C0020663C55072	3600	31,691		0
64.000		VA26013C0020663C55301	3600	15,845		0
64.000		VA26013C0024663C45085	3600	15,490		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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.000	VA - Contract Number Only Provided	VA26013C0024663C55046	3600	46,471		0
64.000		VA26013C0059663D44008	3600	9,814		0
64.000		VA26013C0060663D44010	3600	41,791		0
64.000		VA26013C0060663D54007	3600	294,343		0
64.000		VA26013C0065663C45074	3600	12,111		0
64.000		VA26013C0065663C55002	3600	60,228		0
64.000		VA26013C0065PO663C4507	3600	1		0
64.000		VA26013C0072663C45071	3600	42,453		0
64.000		VA26013C0072663C55007	3600	84,906		0
64.000		VA26013C0072663C55278	3600	42,453		0
64.000		VA26013C0073663C45078	3600	39,693		0
64.000		VA26013C0073663C55003	3600	79,079		0
64.000		VA26013C0073663C55276	3600	42,293		0
64.000		VA26013C0075663C45083	3600	15,158		0
64.000		VA26013C0075663C55059	3600	29,592		0
64.000		VA26013C0075663C55300	3600	14,426		0
64.000		VA26013C0076663C45319	3600	1,272		0
64.000		VA26013C0076663C55041	3600	8,101		0
64.000		VA26013C0076663C55280	3600	210		0
64.000		VA26013C0077663C45080	3600	29,707		0
64.000		VA26013C0077663C55011	3600	59,413		0
64.000		VA26013C0077663C55277	3600	29,707		0
64.000		VA26013C0078663C45088	3600	33,225		0
64.000		VA26013C0078663C55012	3600	107,761		0
64.000		VA26013C0080663C45087	3600	66,391		0
64.000		VA26013C0080663C55006	3600	116,648		0
64.000		VA26013C0081663C45077	3600	47,967		0
64.000		VA26013C0081663C55074	3600	65,725		0
64.000		VA26013C0081663C55296	3600	73,408		0
64.000		VA26013C0082663C45070	3600	1,140		0
64.000		VA26013C0082663C55022	3600	2,281		0
64.000		VA26013C0082663C55297	3600	950		0
64.000		VA26013C0083663C45082	3600	46,797		0
64.000		VA26013C0083663C55062	3600	94,151		0
64.000		VA26013C0083663C55291	3600	46,284		0
64.000		VA26013C0084663C45079	3600	53,283		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 Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
64.000	VA - Contract Number Only Provided	VA26013C0084663C55015	3600	107,157		0
64.000		VA26013C0084663C55299	3600	53,170		0
64.000		VA26013C0085PO663C4507	3600	(4,527)		0
64.000		VA26013P0570663D44002	3600	2,338		0
64.000		VA26013P0570663D54006	3600	10,684		0
64.000		VA26013P0629663D44003	3600	3,144		0
64.000		VA26013P0629663D54000	3600	9,486		0
64.000		VA26013P1483663D34041	3600	(202)		0
64.000		VA26013P1483663D44042	3600	10,000		0
64.000		VA26013P1701663D34044	3600	47,426		0
64.000		VA26013P1701663D44041	3600	154,693		0
64.000		VA26013P3037663D34040	3600	21,710		0
64.000		VA26013P3440663X30000	3600	20,000		0
64.000		VA26014C0014663C45158	3600	5,029		0
64.000		VA26014C0014663C55055	3600	7,116		0
64.000		VA26014C0022663C31938	3600	13,689		0
64.000		VA26014C0022663C45407	3600	98,577		0
64.000		VA26014C0023663C45257	3600	24,762		0
64.000		VA26014C0023663C55069	3600	67,296		0
64.000		VA26014C0024663C45256	3600	19,259		0
64.000		VA26014C0024663C55068	3600	57,864		0
64.000		VA26014C0032663C45281	3600	200,111		0
64.000		VA26014C0032663C55037	3600	193,296		0
64.000		VA26014C0039663C45447	3600	40,543		0
64.000		VA26014P0607663C45396	3600	19,892		0
64.000		VA26015P0186663D54020	3600	11,754		0
64.000		VA26015P0752663D54002	3600	47,556		0
<b>Federal Program 64.000 Total</b>				<b>5,184,852</b>		<b>0</b>
64.012	Veterans Prescription Service		3050	498,293		0
<b>Federal Program 64.012 Total</b>				<b>498,293</b>		<b>0</b>
64.014	Veterans State Domiciliary Care		3050	197,326		0
<b>Federal Program 64.014 Total</b>				<b>197,326</b>		<b>0</b>
64.015	Veterans State Nursing Home Care		3050	26,006,925		0
<b>Federal Program 64.015 Total</b>				<b>26,006,925</b>		<b>0</b>

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Department of Veterans Affairs**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
64.024	VA Homeless Providers Grant and Per Diem Program		3050	742,948	0	
	<b>Federal Program 64.024 Total</b>			<b>742,948</b>	<b>0</b>	
64.027	ARRA - Post 911 Veterans Educational Assistance		6990	2,064,593	0	
	<b>Federal Program 64.027 Total</b>			<b>2,064,593</b>	<b>0</b>	
64.035	Veterans Transportation Program/Grants for Transp		3050	99,676	0	
	<b>Federal Program 64.035 Total</b>			<b>99,676</b>	<b>0</b>	
64.101	Burial Expenses Allowance for Veterans		3050	336,601	0	
	<b>Federal Program 64.101 Total</b>			<b>336,601</b>	<b>0</b>	
64.110	Veterans Dependency and Indemnity Compensation For		6990	2,682	0	
	<b>Federal Program 64.110 Total</b>			<b>2,682</b>	<b>0</b>	
64.115	Veterans Information and Assistance		3050	6,397	0	
	<b>Federal Program 64.115 Total</b>			<b>6,397</b>	<b>0</b>	
64.116	Vocational Rehabilitation for Disabled Veterans		6990	1,773	0	
	<b>Federal Program 64.116 Total</b>			<b>1,773</b>	<b>0</b>	
64.117	Survivors and Dependents Educational Assistance		6990	8,284	0	
	<b>Federal Program 64.117 Total</b>			<b>8,284</b>	<b>0</b>	
64.124	All-Volunteer Force Educational Assistance		3400	295,035	0	
64.124			3540	209,797	0	
64.124			6990	1,245	0	
	<b>Federal Program 64.124 Total</b>			<b>506,077</b>	<b>0</b>	
64.203	State Cemetery Grants		3050	(393,247)	0	
	<b>Federal Program 64.203 Total</b>			<b>(393,247)</b>	<b>0</b>	
64.999	Veterans Affairs - Undetermined		3600	113,722	0	
64.999			6990	1,520,249	0	
	<b>Federal Program 64.999 Total</b>			<b>1,633,971</b>	<b>0</b>	
	<b>Department of Veterans Affairs Total</b>			<b>36,897,151</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.000	Epa - Contract Number Only Provided	4945-RFA13-1/14-6	3600	197,962	0	PT
66.000		C20150023	3600	2,824	0	PT
66.000		C796 AM07	3600	790	0	PT
66.000		EP-13-W-000237	3600	20,278	0	
66.000		FP91765601	3600	13,435	0	
66.000		LRAPA 14-10-02	3600	223,809	0	PT
66.000		EP117000239	3650	102,601	0	
66.000		GS-00F-0045P	3650	3,665	0	PT
66.000		WSU002282	3650	16	0	PT
<b>Federal Program 66.000 Total</b>				<b>565,380</b>	<b>0</b>	
66.032	State Indoor Radon Grants		3030	66,973	0	
<b>Federal Program 66.032 Total</b>				<b>66,973</b>	<b>0</b>	
66.034	Surveys, Studies, Research, Investigations, Demons		3030	32,292	0	
<b>Federal Program 66.034 Total</b>				<b>32,292</b>	<b>0</b>	
66.120	Puget Sound Watershed Management Assistance	ORGU2181ACCT741190ACTU	3600	32,279	0	PT
<b>Federal Program 66.120 Total</b>				<b>32,279</b>	<b>0</b>	
66.122	Puget Sound Action Agenda Outreach, Edu Steward Su		4780	2,183,097	1,228,099	
<b>Federal Program 66.122 Total</b>				<b>2,183,097</b>	<b>1,228,099</b>	
66.123	Ps Action Agenda: Tech Investigations & Implement		3030	3,765,765	2,674,744	
66.123			3600	851,869	140,899	
66.123		WA-S-130917-019-2	3600	37,827	0	PT
66.123			4050	6,868	0	
66.123			4610	9,430,815	5,720,787	
66.123		PC-00329801-0	4610	397	0	PT
66.123			4770	1,785,725	0	
66.123			4780	3,645,371	1,575,060	
<b>Federal Program 66.123 Total</b>				<b>19,524,637</b>	<b>10,111,490</b>	
66.202	Congressionally Mandated Projects		4610	4,067	0	
<b>Federal Program 66.202 Total</b>				<b>4,067</b>	<b>0</b>	
66.419	Water Pollution Control State, Interstate, and Tri		3030	193,477	0	
66.419			4610	228,261	0	
<b>Federal Program 66.419 Total</b>				<b>421,738</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.432	State Public Water System Supervision		3030	2,943,637	0	
<b>Federal Program 66.432 Total</b>				<b>2,943,637</b>	<b>0</b>	
66.436	Surveys, Studies, Investigations, Demonstrations,		4610	17,879	0	
<b>Federal Program 66.436 Total</b>				<b>17,879</b>	<b>0</b>	
66.454	Water Quality Mgmt Planning		4610	225,270	0	
<b>Federal Program 66.454 Total</b>				<b>225,270</b>	<b>0</b>	
66.456	National Estuary Program		4780	870,369	0	
<b>Federal Program 66.456 Total</b>				<b>870,369</b>	<b>0</b>	
66.460	Nonpoint Source Implementation Grants		4610	2,701,349	1,195,131	
<b>Federal Program 66.460 Total</b>				<b>2,701,349</b>	<b>1,195,131</b>	
66.461	Regional Wetland Program Development Grants		4610	81,411	0	
66.461			4900	59,306	0	
<b>Federal Program 66.461 Total</b>				<b>140,717</b>	<b>0</b>	
66.472	Beach Monitoring and Notification Program Implemen		4610	251,838	0	
<b>Federal Program 66.472 Total</b>				<b>251,838</b>	<b>0</b>	
66.516	P3 Award: National Student Design Competition For		3800	10,653	0	
<b>Federal Program 66.516 Total</b>				<b>10,653</b>	<b>0</b>	
66.517	Regional Applied Research Efforts (Rare)		3650	27,780	0	
<b>Federal Program 66.517 Total</b>				<b>27,780</b>	<b>0</b>	
66.605	Performance Partnership Grants	C794	3650	156,273	0	PT
66.605			4610	9,365,494	1,912,836	
<b>Federal Program 66.605 Total</b>				<b>9,521,767</b>	<b>1,912,836</b>	
66.608	Environmental Information Exchange Network Grant P		3030	32,540	0	
66.608			4610	124,149	0	
66.608			4670	40,452	0	
66.608			4770	275,927	0	
<b>Federal Program 66.608 Total</b>				<b>473,068</b>	<b>0</b>	
66.700	Consolidated Pesticide Enforcement Cooperative Agr		4950	687,027	0	
<b>Federal Program 66.700 Total</b>				<b>687,027</b>	<b>0</b>	
66.707	Tsca Title Iv State Lead Grants Certification of L		1030	501,039	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 Year Ended  
June 30, 2015  
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**Federal Programs Not Clustered**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 66.707 Total</b>				<b>501,039</b>	<b>0</b>	
66.708	Pollution Prevention Grants Program		4610	239,195	91,369	
<b>Federal Program 66.708 Total</b>				<b>239,195</b>	<b>91,369</b>	
66.714	Pesticide Environmental Stewardship Regional Grant		3650	26,008	0	
<b>Federal Program 66.714 Total</b>				<b>26,008</b>	<b>0</b>	
66.716	Research, Development, Monitoring, Public Educatio		3650	100,634	61,132	
<b>Federal Program 66.716 Total</b>				<b>100,634</b>	<b>61,132</b>	
66.801	Hazardous Waste Management State Program Support		4610	1,792,263	0	
<b>Federal Program 66.801 Total</b>				<b>1,792,263</b>	<b>0</b>	
66.802	Superfund State Political Subdivision & Ind		4610	171,556	0	
66.802			4900	8,350	0	
<b>Federal Program 66.802 Total</b>				<b>179,906</b>	<b>0</b>	
66.804	State and Tribal Underground Storage Tanks Program		4610	467,161	0	
<b>Federal Program 66.804 Total</b>				<b>467,161</b>	<b>0</b>	
66.805	Leaking Underg Stor Tank Trust Fund		4610	791,745	0	
<b>Federal Program 66.805 Total</b>				<b>791,745</b>	<b>0</b>	
66.808	Solid Waste Management Assistance Grants		3030	7,992	0	
<b>Federal Program 66.808 Total</b>				<b>7,992</b>	<b>0</b>	
66.809	Superfund State and Indian Tribe CORE Program Coop		4610	106,831	0	
<b>Federal Program 66.809 Total</b>				<b>106,831</b>	<b>0</b>	
66.817	State and Tribal Response Program Grants		4610	1,043,159	0	
<b>Federal Program 66.817 Total</b>				<b>1,043,159</b>	<b>0</b>	
66.818	Brownfields Assess & Cleanup Coop Agmt		1030	563,676	541,346	
<b>Federal Program 66.818 Total</b>				<b>563,676</b>	<b>541,346</b>	
66.940	Environmental Policy and State Innovation Grants		4610	54,541	17,681	
<b>Federal Program 66.940 Total</b>				<b>54,541</b>	<b>17,681</b>	
<b>Environmental Protection Agency Total</b>				<b>46,575,967</b>	<b>15,159,084</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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
81.000	Energy - Contract Number Only Provided	00062910	1030	2,055,937	1,786,310	
81.000		00062696	3600	78,531	0	
81.000		00062859	3600	14,421	0	
81.000		00062996	3600	106,407	0	
81.000		00063491	3600	65,766	0	
81.000		00063500 MOD01	3600	291,315	0	
81.000		00066634	3600	223,090	0	
81.000		00066635	3600	236,275	0	
81.000		00067446	3600	115,090	0	
81.000		00067518	3600	163,949	0	
81.000		1038388 MOD07	3600	7,683	0	PT
81.000		113484 MOD02	3600	62,489	0	PT
81.000		1725-205-2010044 AM01	3600	19,107	0	PT
81.000		172543 MOD03	3600	18,800	0	PT
81.000		194961	3600	163,573	0	
81.000		206034 MOD05	3600	72,311	0	
81.000		21701 MOD14	3600	54,423	0	PT
81.000		219699 MOD02	3600	25,173	0	
81.000		220006	3600	(1)	0	
81.000		220006 MOD 2	3600	4	0	
81.000		230467 MOD01	3600	36,822	0	
81.000		240755-1 MOD02	3600	19,702	0	
81.000		242036 MOD01	3600	281,267	0	
81.000		242036 MOD02	3600	31,273	0	
81.000		243766 TO248993	3600	17,100	0	
81.000		243766 TO253631	3600	21,305	0	
81.000		243766TASKORDER256926	3600	2,123	0	PT
81.000		245600 MOD01	3600	11,476	0	
81.000		246708	3600	23,554	0	
81.000		252206 AM04	3600	171,049	0	
81.000		255453	3600	27,820	0	
81.000		276558BAN7446600109	3600	13,136	0	
81.000		280204	3600	48,312	0	PT
81.000		285149 MOD01	3600	85,000	0	
81.000		2F-31381 MOD02	3600	3,675	0	PT
81.000		320719	3600	6,524	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	3481-4700190350 AM01	3600	(735)		0 PT
81.000		4000093555 MOD14	3600	214,674		0 PT
81.000		4000127504 MOD02	3600	21,132		0 PT
81.000		4F-30041 SM004	3600	50,697		0 PT
81.000		4F-32142	3600	51,802		0 PT
81.000		55190	3600	188,609		0 PT
81.000		5F-30581	3600	22,355		0 PT
81.000		61266	3600	(846)		0
81.000		63100	3600	294,329	87,842	
81.000		63474	3600	23,701		0
81.000		65315	3600	150,454		0 PT
81.000		65316	3600	75,078		0
81.000		6700882 MOD24	3600	594,424		0 PT
81.000		6700882 MOD24-D	3600	24,648		0 PT
81.000		67611	3600	11,326		0
81.000		68647	3600	14,599		0
81.000		7074345 MOD01	3600	296,588		0 PT
81.000		75501 TO# 216690 MOD02	3600	22,719		0
81.000		75501 TO234895 MOD01	3600	18,756		0
81.000		75501 TO237580 MOD01	3600	40,729		0 PT
81.000		889186-874J AM10	3600	105,809		0 PT
81.000		B611721	3600	16,061		0 PT
81.000		CONTRACT96824MOD06MA75	3600	23,429		0 PT
81.000		FA48556 AM08	3600	19,706		0 PT
81.000		MASTER75501TO223809MOD	3600	53,455		0
81.000		MASTER75501TO227101	3600	36,194		0 PT
81.000		PO # 184610 MOD06	3600	62,292		0
81.000		PO #621430	3600	8,561		0 PT
81.000		TO 108989 MOD05	3600	24,761		0 PT
81.000		TO 209930 MOD02	3600	8,370		0
81.000		TO 246166	3600	27,167		0
81.000		TO# 248186 REV	3600	13,450		0
81.000		TO#177999 MOD02	3600	7,845		0 PT
81.000		TO129343MOD04MASTER755	3600	3,805		0
81.000		TO160891MSTR75501MOD03	3600	(52)		0 PT
81.000		TO247578	3600	33,742		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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	UW BUD# 800401	3600	97,743	0	PT
81.000		UW BUD# 807394	3600	79,137	0	PT
81.000		XHD-4-42006-01 MOD02	3600	57,849	0	PT
81.000		0000114311	3650	101,538	0	PT
81.000		00014002	3650	317,929	0	PT
81.000		00021287-00006	3650	(53)	0	
81.000		00050029	3650	1,017,240	117,836	
81.000		00057666	3650	(283)	0	
81.000		00058740	3650	(10)	0	
81.000		00058988	3650	(14)	0	
81.000		00059555	3650	174,530	47,836	
81.000		00059650	3650	178,326	112,108	
81.000		00059987	3650	282,549	0	
81.000		00063004	3650	30,022	0	
81.000		00063098	3650	83,614	92,000	
81.000		00126553	3650	267,073	59,549	PT
81.000		00127427	3650	303,007	71,945	PT
81.000		0040	3650	(264)	0	PT
81.000		0056026	3650	71,333	78,291	
81.000		01625878	3650	7,047	0	PT
81.000		0182	3650	261	0	PT
81.000		104976	3650	(1,310)	0	PT
81.000		1072147	3650	6,215	0	PT
81.000		109822	3650	10,018	0	PT
81.000		109823	3650	39,001	0	PT
81.000		118074	3650	153,477	0	PT
81.000		130236	3650	166	0	PT
81.000		1316643	3650	58,335	0	PT
81.000		133177	3650	(1)	0	PT
81.000		142361	3650	(12,384)	0	PT
81.000		1511WSU01	3650	742	0	PT
81.000		154955	3650	69,925	0	PT
81.000		1566121	3650	6	0	PT
81.000		162817	3650	45,945	0	PT
81.000		171377	3650	63,991	0	PT
81.000		172660	3650	50,560	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**

*For the Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	193650	3650	13,610	0	PT
81.000		193788	3650	12,500	0	PT
81.000		195572	3650	8,281	0	PT
81.000		198288	3650	3,703	0	PT
81.000		2008001	3650	(15,780)	0	PT
81.000		201044	3650	3,688	0	PT
81.000		2012_05926_01	3650	33,581	0	PT
81.000		202042	3650	4,851	0	PT
81.000		203649	3650	38,657	0	PT
81.000		203920	3650	186,218	0	PT
81.000		205993	3650	12,000	0	PT
81.000		218529	3650	7,502	0	PT
81.000		219144	3650	7,507	0	PT
81.000		221391	3650	19,884	0	PT
81.000		225988	3650	19,588	0	PT
81.000		225998	3650	45,586	0	PT
81.000		227795	3650	26,082	0	PT
81.000		230190	3650	6,898	0	PT
81.000		232527	3650	4,227	0	PT
81.000		252595	3650	24,652	0	PT
81.000		268378	3650	74,146	0	PT
81.000		270031SUBWSU5	3650	(133,535)	0	PT
81.000		38705136	3650	24,667	0	PT
81.000		4000128151	3650	41,043	0	PT
81.000		400112928	3650	176,815	0	PT
81.000		4792600109	3650	(1,018)	0	PT
81.000		51419	3650	69,167	0	PT
81.000		6833311	3650	(4,743)	0	PT
81.000		6962257	3650	1,821	0	PT
81.000		7049758	3650	190,749	0	PT
81.000		7072054	3650	28,264	0	PT
81.000		7496200109	3650	4,266	0	PT
81.000		8446100110	3650	15,028	0	PT
81.000		DEAF6510WA45295	3650	225,813	0	
81.000		DEEM0002904	3650	142,413	0	
81.000		ER15820	3650	6,601	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 Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	ER20225	3650	184,412	0	
81.000		M766_WSU002620	3650	20,146	0	PT
81.000		MIOEIPA003	3650	21,860	0	
81.000		OSE1018	3650	125,173	0	PT
81.000		OSE1145	3650	44,006	0	PT
81.000		RELEASE00022	3650	294,817	0	PT
81.000		SC0001815	3650	77,590	0	
81.000		WSU001294	3650	6,585	0	PT
81.000		WSU002135	3650	9,250	0	PT
81.000		WSU002572	3650	18	0	PT
81.000		WSU002634	3650	11,869	0	PT
81.000		XEA32324801	3650	13,069	0	PT
81.000		XFA11165201	3650	3,903	0	PT
81.000		XGB22220401	3650	42,225	0	PT
81.000		ZEA-4-42204-01	3650	24,047	0	PT
81.000		ZFT04064401	3650	103,104	0	PT
81.000		1994-043-00	3700	27,608	0	PT
81.000		1994-043-00 #00062338	3700	78,212	0	PT
81.000		2007-246-00 #47330	3700	1,750	0	PT
81.000		2007-246-00 #64984	3700	109,839	0	PT
81.000		200800700	3700	143,891	0	PT
81.000		65008 PRJ 1994-043-00	3700	4,586	0	PT
81.000		0201.13.039722	4610	37,586	0	PT
81.000		0201.15.045261	4610	52,335	0	PT
81.000		14-42	4770	99,089	0	PT
81.000		14-47	4770	27,780	0	PT
81.000		14-55	4770	21,170	0	PT
81.000		14-68	4770	8,005	0	PT
81.000		14-93	4770	549,850	0	PT
81.000		14-94	4770	21,150	0	PT
81.000		14-97	4770	71,656	0	PT
81.000		14-98	4770	36,607	0	PT
81.000		15-31G	4770	174,520	0	PT
81.000		15-51G	4770	21,303	0	PT
81.000		15-60G	4770	9,124	0	PT
81.000		15-78G	4770	44,329	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 Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	15-79G	4770	18,021	0	PT
81.000		15-91G	4770	316,186	0	PT
81.000		15-92G	4770	16,396	0	PT
81.000		314-14	4770	304,231	0	PT
81.000		391-13	4770	129,341	0	PT
81.000		58777	4770	488,923	0	
81.000		61956	4770	86,226	0	
81.000		62359	4770	13,367	0	
81.000		62516	4770	27,962	0	
81.000		62614	4770	64,756	0	
81.000		62792	4770	206,358	0	
81.000		63005	4770	74,792	0	
81.000		63046	4770	26,645	0	
81.000		63047	4770	15,318	0	
81.000		63220	4770	88,481	0	
81.000		63238	4770	90,542	0	
81.000		63377	4770	175,208	0	
81.000		63634	4770	15,127	0	
81.000		63648	4770	178,164	0	
81.000		64003	4770	310,499	0	
81.000		64137	4770	148,339	0	
81.000		64298	4770	51,900	0	
81.000		64490	4770	145,647	0	
81.000		64520	4770	61,972	0	
81.000		64528	4770	916,725	0	
81.000		64562	4770	50,631	0	
81.000		64891	4770	128,397	0	
81.000		64892	4770	155,743	0	
81.000		64924	4770	149,801	0	
81.000		64941	4770	174,416	0	
81.000		64997	4770	17,915	0	
81.000		65187	4770	193,798	0	
81.000		65255	4770	106,901	0	
81.000		65288	4770	155,745	0	
81.000		65338	4770	88,736	0	
81.000		65408	4770	769,167	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.000	Energy - Contract Number Only Provided	65604	4770	920,317	0	
81.000		65672	4770	183,100	0	
81.000		65731	4770	576,454	0	
81.000		65752	4770	196,113	0	
81.000		65859	4770	246,020	0	
81.000		65916	4770	803,783	0	
81.000		66062	4770	172,552	0	
81.000		66154	4770	142,292	0	
81.000		66257	4770	171,903	0	
81.000		66603	4770	476,233	0	
81.000		66610	4770	195,651	0	
81.000		66628	4770	126,903	0	
81.000		66922	4770	413,656	0	
81.000		66986	4770	98,933	0	
81.000		66989	4770	178,907	0	
81.000		67136	4770	22,419	0	
81.000		67400	4770	698,135	0	
81.000		67595	4770	701,468	0	
81.000		67596	4770	172,821	0	
81.000		67619	4770	5,151	0	
81.000		68433	4770	115,198	0	
81.000		68434	4770	57,855	0	
81.000		68468	4770	50,226	0	
81.000		68529	4770	106,182	0	
81.000		68603	4770	76,510	0	
81.000		68619	4770	5,594	0	
81.000		68691	4770	87,756	0	
81.000		68785	4770	24,672	0	
81.000		68874	4770	70,643	0	
81.000		68875	4770	30,485	0	
81.000		68918	4770	12,857	0	
81.000		69084	4770	91,571	0	
81.000		Pending	4770	33,429	0	PT
81.000		00064018	6990	57,933	0	
81.000		00065249	6990	125,705	0	
81.000		00068810	6990	28,981	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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
<b>Federal Program 81.000 Total</b>				<b>27,975,355</b>	<b>2,453,717</b>	
81.041	State Energy Program		1030	688,137	0	
81.041		CON00210"	3650	(285)	0	PT
<b>Federal Program 81.041 Total</b>				<b>687,852</b>	<b>0</b>	
81.042	Weatherization Assist - Low Inc		1030	3,621,298	3,042,458	
<b>Federal Program 81.042 Total</b>				<b>3,621,298</b>	<b>3,042,458</b>	
81.106	Transport of Transuranic Wastes to the Waste Isola	C130047FED	2250	57,738	10,884	PT
<b>Federal Program 81.106 Total</b>				<b>57,738</b>	<b>10,884</b>	
81.112	Stewardship Science Grant Program		3600	677,295	0	
81.112			3650	5,143,702	0	
81.112		4_10469_23	3650	26,521	0	PT
<b>Federal Program 81.112 Total</b>				<b>5,847,518</b>	<b>0</b>	
81.117	Energy Efficiency and Renewable Energy Information		1030	755,930	635,831	
81.117			3650	415,657	48,700	
<b>Federal Program 81.117 Total</b>				<b>1,171,587</b>	<b>684,531</b>	
81.119	State Energy Program Special Projects		1030	510,721	59,286	
81.119		CON00205	3650	(5,041)	0	PT
<b>Federal Program 81.119 Total</b>				<b>505,680</b>	<b>59,286</b>	
81.121	Nuclear Energy Research, Development and Demonstra		3650	84,775	0	
81.121		224075	3650	36,445	0	PT
<b>Federal Program 81.121 Total</b>				<b>121,220</b>	<b>0</b>	
81.122	Electricity Delivery & Energy Research		3650	633,741	0	
81.122		06070036201402	3650	79,302	0	PT
81.122		11453	3650	6,501	0	PT
81.122		20100125103	3650	395,454	0	PT
81.122		A000211585	3650	(643)	0	PT
<b>Federal Program 81.122 Total</b>				<b>1,114,355</b>	<b>0</b>	
81.214	Environmental Monitoring/Cleanup Cultural Rsrc Mgt		3030	641,456	0	
<b>Federal Program 81.214 Total</b>				<b>641,456</b>	<b>0</b>	
81.999	Department of Energy - Undetermined	252858	3650	4,207	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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
<b>Federal Program 81.999 Total</b>					<b>4,207</b>	<b>0</b>
<b>Dept of Energy Total</b>				<b>41,748,266</b>	<b>6,250,876</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.000	Education - Contract Number Only Provided	40412S04256	3600	410,807	0	PT
84.000		75-13524	3600	148,689	0	PT
84.000		ED-OII-11-Q-0023	3600	(11,904)	0	PT
84.000		H133A080035 AM03	3600	15,481	0	PT
<b>Federal Program 84.000 Total</b>				<b>563,073</b>	<b>0</b>	
84.002	Adult Education - Basic Grants to States		6990	9,086,249	392,905	
<b>Federal Program 84.002 Total</b>				<b>9,086,249</b>	<b>392,905</b>	
84.010	Title I Grants to Local Ed Agys		3500	199,598,754	192,785,181	
<b>Federal Program 84.010 Total</b>				<b>199,598,754</b>	<b>192,785,181</b>	
84.011	Migrant Education_state Grant Program		3500	14,971,823	9,877,771	
<b>Federal Program 84.011 Total</b>				<b>14,971,823</b>	<b>9,877,771</b>	
84.013	Title I Program for Neglected and Delinquent Child		3500	1,417,246	1,400,634	
<b>Federal Program 84.013 Total</b>				<b>1,417,246</b>	<b>1,400,634</b>	
84.015	National Resource Centers Program for Foreign Lang		3600	3,614,670	82,219	
<b>Federal Program 84.015 Total</b>				<b>3,614,670</b>	<b>82,219</b>	
84.016	Undergraduate International Studies and Foreign La		3650	6,447	0	
84.016			6990	65,096	0	
<b>Federal Program 84.016 Total</b>				<b>71,543</b>	<b>0</b>	
84.031	Higher Education_institutional Aid		6990	4,765,655	0	
<b>Federal Program 84.031 Total</b>				<b>4,765,655</b>	<b>0</b>	
84.048	Career and Technical Education -- Basic Grants To		3540	20,112,852	19,821,411	
84.048		#131-PRK-15	6990	2,000	0	PT
<b>Federal Program 84.048 Total</b>				<b>20,114,852</b>	<b>19,821,411</b>	
84.101	Career and Technical Education - Indian Set-Aside	V101A010017-03A	6990	114,265	0	PT
<b>Federal Program 84.101 Total</b>				<b>114,265</b>	<b>0</b>	
84.116	Fund for the Improvement of Postsecondary Educatio		3600	29,051	0	
84.116			3760	280,253	0	
84.116			6990	226,192	0	
<b>Federal Program 84.116 Total</b>				<b>535,496</b>	<b>0</b>	
84.126	Voel Rehab Grants to State Basic		3000	43,690,210	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.126	Vocl Rehab Grants to State Basic		3150	9,036,254	0	
<b>Federal Program 84.126 Total</b>				<b>52,726,464</b>	<b>0</b>	
84.129	Rehabilitation Long-Term Training		3600	101,132	0	
84.129			3800	212,326	0	
<b>Federal Program 84.129 Total</b>				<b>313,458</b>	<b>0</b>	
84.133	National Institute on Disability and Rehabilitatio		3150	55,000	0	
<b>Federal Program 84.133 Total</b>				<b>55,000</b>	<b>0</b>	
84.141	Migrant Education_high School Equivalency Program		3750	483,374	0	
84.141			6990	442,882	0	
<b>Federal Program 84.141 Total</b>				<b>926,256</b>	<b>0</b>	
84.144	Migrant Education_coordination Program		3500	33,885	0	
<b>Federal Program 84.144 Total</b>				<b>33,885</b>	<b>0</b>	
84.149	Migrant Education_college Assistance Migrant Progr		3600	429,965	0	
84.149			3650	394,953	0	
84.149			3700	346,145	0	
84.149			3750	415,689	0	
84.149			6990	793,435	0	
<b>Federal Program 84.149 Total</b>				<b>2,380,187</b>	<b>0</b>	
84.169	Independent Living - State Grants		3000	301,280	295,492	
84.169			3150	40,408	0	
<b>Federal Program 84.169 Total</b>				<b>341,688</b>	<b>295,492</b>	
84.177	Independent Living Older Blind		3150	758,114	475,094	
<b>Federal Program 84.177 Total</b>				<b>758,114</b>	<b>475,094</b>	
84.181	Spec Ed-Grants for Infants & Families		3570	9,102,084	7,613,857	
<b>Federal Program 84.181 Total</b>				<b>9,102,084</b>	<b>7,613,857</b>	
84.184	Safe and Drug-Free Schools and Communities_nationa		3500	77,783	0	
<b>Federal Program 84.184 Total</b>				<b>77,783</b>	<b>0</b>	
84.187	Supported Employment Services for Individuals With		3000	441,774	0	
84.187			3150	67,150	0	
<b>Federal Program 84.187 Total</b>				<b>508,924</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.196	Ed for Homeless Children/Youth		3500	859,924	711,460	
<b>Federal Program 84.196 Total</b>				<b>859,924</b>	<b>711,460</b>	
84.200	Graduate Assistance In Areas of National Need		3600	385,172	0	
84.200			3650	100,256	0	
<b>Federal Program 84.200 Total</b>				<b>485,428</b>	<b>0</b>	
84.215	Fund for the Improvement of Education	9971200123	3650	2,067	0	PT
<b>Federal Program 84.215 Total</b>				<b>2,067</b>	<b>0</b>	
84.224	Assistive Technology		3600	332,462	0	
<b>Federal Program 84.224 Total</b>				<b>332,462</b>	<b>0</b>	
84.264	Rehabilitation Training_continuing Education		3600	396,255	0	
84.264		S2015-29486-002	3600	164,250	0	PT
<b>Federal Program 84.264 Total</b>				<b>560,505</b>	<b>0</b>	
84.265	Rehabilitation Training_state Vocational Rehabilit		3000	50,641	0	
84.265			3150	20,523	0	
<b>Federal Program 84.265 Total</b>				<b>71,164</b>	<b>0</b>	
84.283	Comprehensive Centers	SOW002	3600	100,622	0	PT
84.283		SOW003	3600	104,543	0	PT
<b>Federal Program 84.283 Total</b>				<b>205,165</b>	<b>0</b>	
84.287	Twenty-First Century Community Learning Centers		3500	16,563,944	15,672,998	
<b>Federal Program 84.287 Total</b>				<b>16,563,944</b>	<b>15,672,998</b>	
84.325	Special Education - Personnel Development to Impro		3600	1,598,243	63,052	
84.325		H325T110012-UOW AM03	3600	18,315	0	PT
<b>Federal Program 84.325 Total</b>				<b>1,616,558</b>	<b>63,052</b>	
84.326	Special Education_technical Assistance and Dissemi		3500	221,855	221,855	
<b>Federal Program 84.326 Total</b>				<b>221,855</b>	<b>221,855</b>	
84.327	Special Education_technology and Media Services Fo		3600	427,978	0	
<b>Federal Program 84.327 Total</b>				<b>427,978</b>	<b>0</b>	
84.330	Advanced Placement Program (Advanced Placement Tes		3500	517,991	517,991	
<b>Federal Program 84.330 Total</b>				<b>517,991</b>	<b>517,991</b>	
84.334	Gaining Early Awareness and Readiness for Undergra		3400	4,604,171	3,082,009	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.334	Gaining Early Awareness and Readiness for Undergra		3600	3,314,123	2,320,555	
84.334			3650	9,319,565	900,838	
84.334			3750	2,809,865	1,840,518	
84.334			3760	667,610	0	
84.334		117625 G003273	6990	554	0	PT
<b>Federal Program 84.334 Total</b>				<b>20,715,888</b>	<b>8,143,920</b>	
84.335	Child Care Access Means Parents In School		3650	177,094	0	
84.335			6990	272,754	0	
<b>Federal Program 84.335 Total</b>				<b>449,848</b>	<b>0</b>	
84.358	Rural Education		3500	773,168	698,312	
<b>Federal Program 84.358 Total</b>				<b>773,168</b>	<b>698,312</b>	
84.365	English Language Acquisition State Grants		3500	14,588,616	13,698,806	
84.365			3600	349,884	0	
<b>Federal Program 84.365 Total</b>				<b>14,938,500</b>	<b>13,698,806</b>	
84.366	Mathematics and Science Partnerships		3500	2,450,242	2,109,423	
84.366		60036991 AM02	3600	40,188	0	PT
84.366		165527700422	3650	33,604	0	PT
84.366		700300044	3650	6,943	0	PT
84.366		700300056	3650	(7)	0	PT
84.366		7004000083	3650	9,715	0	PT
84.366		7004000096	3650	1,096	0	PT
84.366		700960035	3650	8,704	0	PT
<b>Federal Program 84.366 Total</b>				<b>2,550,485</b>	<b>2,109,423</b>	
84.367	Improving Teacher Quality State Grants		3400	839,091	272,900	
84.367			3500	35,926,852	34,996,332	
84.367		92-WA03-SEED2012 AM02B	3600	6,865	0	PT
84.367		92-WA03-SEED2012 AM03	3600	13,278	0	PT
84.367		92-WA02-SEED2012#2A	3750	13,311	0	PT
84.367		92-WA02-SEED2012#3A	3750	10,166	0	PT
<b>Federal Program 84.367 Total</b>				<b>36,809,563</b>	<b>35,269,232</b>	
84.369	Grants for State Assessments and Related Activitie		3500	9,058,221	0	
<b>Federal Program 84.369 Total</b>				<b>9,058,221</b>	<b>0</b>	

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 Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.372	Statewide Data Systems		3500	365,092	0	
<b>Federal Program 84.372 Total</b>				<b>365,092</b>	<b>0</b>	
84.382	Strengthening Minority-Serving Institutions		6990	433,417	0	
<b>Federal Program 84.382 Total</b>				<b>433,417</b>	<b>0</b>	
84.395	ARRA - Sfsf - Race-To-The-Top		3500	49,594,275	0	
<b>Federal Program 84.395 Total</b>				<b>49,594,275</b>	<b>0</b>	
84.396	ARRA - Sfsf - What Works and Innovation Fund	A58405	3600	154,672	0	PT
84.396		BSD REF#10-0025	3600	12,063	0	PT
<b>Federal Program 84.396 Total</b>				<b>166,735</b>	<b>0</b>	
84.397	ARRA - Sfsf - Government Services		3800	35,272	0	
<b>Federal Program 84.397 Total</b>				<b>35,272</b>	<b>0</b>	
84.405	ARRA - Teacher Quality Partnerships	U405A100020	3600	74,502	0	PT
<b>Federal Program 84.405 Total</b>				<b>74,502</b>	<b>0</b>	
84.407	Transition Programs for Students W/Intellectual DI		6990	179,253	0	
<b>Federal Program 84.407 Total</b>				<b>179,253</b>	<b>0</b>	
84.411	Investing In Innocation (I3) Fund	1302036	3600	52,245	0	PT
<b>Federal Program 84.411 Total</b>				<b>52,245</b>	<b>0</b>	
84.412	Race to the Top - Early Learning Challenge		3570	20,314,491	8,577,771	
84.412		1415 Quality Award	6990	3,393	0	PT
<b>Federal Program 84.412 Total</b>				<b>20,317,884</b>	<b>8,577,771</b>	
84.416	ARRA - Race to the Top District Grants	08208	3600	21,942	0	PT
84.416		08739 (YR 3)	3600	370,535	0	PT
84.416		B416A130186	3600	109,955	0	PT
<b>Federal Program 84.416 Total</b>				<b>502,432</b>	<b>0</b>	
84.928	National Writing Project	92-WA03	3600	9,739	0	PT
84.928		92-WA03 AM34	3600	(9,517)	0	PT
<b>Federal Program 84.928 Total</b>				<b>222</b>	<b>0</b>	
84.999	Department of Education - Undetermined		3600	1,744	0	
84.999			6990	313,700	0	
<b>Federal Program 84.999 Total</b>				<b>315,444</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>501,274,956</b>	<b>318,429,384</b>	

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**

**National Archives & Records Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
89.003	National Historical Publications and Records Grant		0850	6,125		0
<b>Federal Program 89.003 Total</b>				<b>6,125</b>		<b>0</b>
<b>National Archives &amp; Records Admin Total</b>				<b>6,125</b>		<b>0</b>

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**

**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	1,946,576		0
<b>Federal Program 90.401 Total</b>				<b>1,946,576</b>		<b>0</b>
<b>Miscellaneous Commissions Total</b>				<b>1,946,576</b>		<b>0</b>

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	HHS - Contract Number Only Provided	0000724839 AM02	3600	2,031	0	PT
93.000		0000724839 AM03	3600	10,588	0	PT
93.000		000077392 AM01	3600	4,641	0	PT
93.000		0000800279AM01P50CA097	3600	25,907	0	PT
93.000		0000825528	3600	55,210	0	PT
93.000		0002 AM01	3600	92,319	0	PT
93.000		0003HHSD2002013M53943B	3600	40,549	0	PT
93.000		000438814TO2SC001AM01	3600	41,783	0	PT
93.000		000500918-T003-011	3600	1,869	0	PT
93.000		000500918-T005-SC003	3600	8,379	0	PT
93.000		000500918T004SC005AM00	3600	137,777	0	PT
93.000		000501394-005 AM01	3600	21,653	0	PT
93.000		0024031-6 AM02	3600	106,930	0	PT
93.000		0024031-6 AM03	3600	53,458	0	PT
93.000		0024031-6 AMEND 01	3600	13,242	0	PT
93.000		0258-3615-4609 AM02	3600	34,784	0	PT
93.000		1 F30 CA 1924750-01	3600	1,531	0	
93.000		1 F32 NS 41714-01	3600	131	0	
93.000		1003605-UW	3600	63,253	0	PT
93.000		1003725-UW AM01	3600	69,845	0	PT
93.000		1003915-UW	3600	43,859	0	PT
93.000		1003917-UW AM01	3600	44,319	0	PT
93.000		1004203-UW	3600	70,484	0	PT
93.000		1004354-UWA	3600	184,945	0	PT
93.000		10313800-003	3600	68,880	0	PT
93.000		10313800-004	3600	118,558	0	PT
93.000		105125001POSR00008086	3600	1,470	0	PT
93.000		1058829141TK1POSR00003	3600	1,297	0	PT
93.000		1058829153TK2POSR00003	3600	45,546	0	PT
93.000		1058829160TK7POSR00003	3600	5,643	0	PT
93.000		1058829162TK8POSR00003	3600	4,572	0	PT
93.000		10592SUB MOD05	3600	108,482	0	PT
93.000		106476 AM05	3600	(45,107)	0	PT
93.000		106476AM03PR5U01HL1053	3600	(595)	0	PT
93.000		1070.001 MOD03	3600	8,139	0	PT
93.000		10775SUB MOD02	3600	45,164	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	HHS - Contract Number Only Provided	10775SUBPRI2R01DE01822	3600	106,885	0	PT
93.000		108151	3600	3	0	PT
93.000		110-450-4504 AM03	3600	(47)	0	PT
93.000		12-803000-007	3600	6,513	0	PT
93.000		13IPA1309453 - MOD02	3600	24,099	0	
93.000		1400290 AM01	3600	106,695	0	PT
93.000		14IPA1404851	3600	32,922	0	
93.000		14IPA1404851 MOD01	3600	3,468	0	
93.000		14IPA1405063	3600	48,164	0	
93.000		14IPA1405479	3600	23,838	0	
93.000		14IPA1405479 MOD01	3600	24,039	0	
93.000		14IPA1405519	3600	12,897	0	
93.000		14IPA1414771	3600	72,566	0	
93.000		14IPA1416999	3600	12,954	0	
93.000		15IPA1517032	3600	1,224	0	
93.000		200-2011-42026 MOD03	3600	79,331	0	
93.000		200-2012-M-53691 AM02	3600	18,459	0	
93.000		200-2013-M-56685	3600	42,827	0	
93.000		200-2014-61285	3600	4,793	0	
93.000		200-2014-61285 MOD01	3600	172,834	0	
93.000		200201142026MOD000004	3600	173,543	0	
93.000		2012-630	3600	44,447	0	PT
93.000		2014-17	3600	15,656	0	PT
93.000		2014-4E	3600	310,119	0	PT
93.000		2014138348 MOD01	3600	88,341	0	PT
93.000		2015030061	3600	17,985	0	PT
93.000		254-2012-M-53313 AM01	3600	1,992	0	
93.000		416105-G	3600	(1,916)	0	PT
93.000		416495-G	3600	31,681	0	PT
93.000		416501	3600	362,691	0	PT
93.000		416504	3600	162,168	0	PT
93.000		416641	3600	144,688	0	PT
93.000		4500001532	3600	14,530	0	PT
93.000		60028536 UW A03	3600	3,120	0	PT
93.000		6049.03-S04	3600	15,820	0	PT
93.000		6049.03-S04 MOD03	3600	107,091	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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
93.000	HHS - Contract Number Only Provided	6049.03-S06 MOD01	3600	86,675	0	PT
93.000		6119-1144-00-Z MOD 08	3600	382,512	0	PT
93.000		7412SC	3600	2	0	PT
93.000		80799HHSA290201000025I	3600	32,489	0	PT
93.000		8846.08-PO-11	3600	1,303	0	PT
93.000		A84239 AM01	3600	30,746	0	PT
93.000		AM03	3600	26,485	0	PT
93.000		AMENDMENT 1	3600	133,642	0	PT
93.000		C3085101 AM01	3600	48,943	0	PT
93.000		CC FORM SUB UW#1 MOD08	3600	140,993	0	PT
93.000		CDC7001-1-0093-1	3600	9,700	0	PT
93.000		CDIP3869	3600	11,576	0	PT
93.000		DHH15420106611CRTAM02	3600	75,373	0	PT
93.000		HHSA2901200014ITASKORD	3600	96,864	0	PT
93.000		HHSA290201000025L AM01	3600	139,335	0	PT
93.000		HHSN266200600006CMOD12	3600	471	0	
93.000		HHSN266200700013CMOD06	3600	27,944	27,945	
93.000		HHSN268200736195CMOD08	3600	(2,078)	0	
93.000		HHSN268200736195CMOD09	3600	34,519	0	
93.000		HHSN268200736195CMOD10	3600	28,867	0	
93.000		HHSN268201100037C AM05	3600	1	0	
93.000		HHSN268201100037C AM07	3600	676,053	0	
93.000		HHSN268201100037C AM09	3600	4,723,779	0	
93.000		HHSN268201200036CMOD06	3600	581,861	129,296	
93.000		HHSN268201200036CMOD08	3600	287,490	0	
93.000		HHSN268201300005CMOD03	3600	1,141,996	47,201	
93.000		HHSN268201300005CMOD05	3600	1,193,372	0	
93.000		HHSN268201300071C (E)	3600	11,375	0	PT
93.000		HHSN268201300071CPH24A	3600	28,750	0	PT
93.000		HHSN268201300071CX2	3600	17,891	0	PT
93.000		HHSN271201200663P	3600	37,218	0	
93.000		HHSN271201200663P AM03	3600	30,849	0	
93.000		HHSN272200800004C	3600	1,739	0	PT
93.000		HHSN272200900035CMOD08	3600	1,285,869	382,502	
93.000		HHSN272201000006I	3600	1,250,085	0	PT
93.000		HHSN272201000024CMOD04	3600	1,265,295	211,261	

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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	HHS - Contract Number Only Provided	HHSN272201300010CMOD01	3600	(107)	0	
93.000		HHSN272201300010CMOD02	3600	2,732,297	0	
93.000		HHSN272201300023C COA1	3600	2,847,919	1,627,281	
93.000		HHSN272201400016C AM01	3600	622,759	0	
93.000		HHSN272201400049CMOD01	3600	528,550	30,190	
93.000		HHSN272201401165PREQ35	3600	2,384	0	
93.000		HHSN275200403370I AM04	3600	100,401	0	
93.000		HHSN275200800015CMOD11	3600	1	0	
93.000		HHSN2752013000251MOD01	3600	12,097	0	
93.000		HHSN275201300025I	3600	347,239	0	
93.000		HHSN275201300025IMOD03	3600	41,185	0	
93.000		HHSN275201300025ITO4	3600	134,232	0	
93.000		HHSN276201100008C AM05	3600	655,944	0	
93.000		HHSN276201100008C AM09	3600	19,316	0	
93.000		HHSN276201100008CMOD00	3600	1,183,510	22,424	
93.000		HHSN276201100008CMOD07	3600	8,481	0	
93.000		HHSN276201400658P	3600	19,212	0	
93.000		HHSS2832012000111	3600	13,379	0	PT
93.000		IPA1303027	3600	(547)	0	
93.000		ITN10212-00SC AM02	3600	(3)	0	PT
93.000		N003448801 AM02	3600	38,344	0	PT
93.000		N01-HC-95159 MOD38	3600	335,735	111,174	
93.000		N01-HC-95159 MOD41	3600	1,666,177	127,855	
93.000		N01CN201200013C3092101	3600	103,064	0	PT
93.000		N01DC60005, MOD11	3600	(324)	0	
93.000		N01HC95159MOD40OPTYR11	3600	58,888	0	
93.000		P002081501 AM03	3600	2,796	0	PT
93.000		P30 CA015704-39	3600	12,653	0	PT
93.000		PJ 80797 T002 AM03	3600	32,498	0	PT
93.000		PO#2001739762 MOD01	3600	(21,961)	0	PT
93.000		PO#323870 AM01	3600	227,396	0	PT
93.000		PO-414574 AM03	3600	86,207	0	PT
93.000		PR1R34TR00047101AM01	3600	(44)	0	PT
93.000		PROJ80784HHS290201000	3600	12,383	0	PT
93.000		RES508088 MOD08	3600	100,362	0	PT
93.000		SA13007PO0001605MOD01	3600	11,210	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.000	HHS - Contract Number Only Provided	SA1401034	3600	2,004	0	PT
93.000		SA1401037	3600	(2)	0	PT
93.000		SPS162060SITE070AM3	3600	9,733	0	PT
93.000		SUBCONTRACT UW#2	3600	341,921	0	PT
93.000		T368014	3600	31,409	0	PT
93.000		TO # TOASNHP033	3600	8,695	0	PT
93.000		TO2PROJ602002MOD01	3600	22,771	0	PT
93.000		TO6312021276851730L	3600	105,442	0	PT
93.000		UW BUD# 630146	3600	45,444	0	PT
93.000		UW BUD# 630270	3600	22,555	0	PT
93.000		UW BUD# 630447	3600	26,343	0	PT
93.000		UW BUD# 630817	3600	7,172	0	PT
93.000		UW BUD# 631409	3600	(1,658)	0	PT
93.000		UW BUD# 631861	3600	6,959	0	PT
93.000		UW BUD# 635905	3600	(5,200)	0	PT
93.000		UW BUD# 660119	3600	18,528	0	PT
93.000		UW BUD# 660447	3600	51,491	0	PT
93.000		UW BUD# 660839	3600	16,243	0	PT
93.000		UW BUD# 662478	3600	11,770	0	PT
93.000		UW BUD# 664815	3600	48,650	0	PT
93.000		UW BUD# 665529	3600	70,204	0	PT
93.000		UW BUD# 667573	3600	(47)	0	PT
93.000		UW BUD# 668661	3600	3	0	PT
93.000		UW BUD# 668787	3600	57,728	0	PT
93.000		UW BUD# 669187	3600	62,049	0	PT
93.000		UW BUD# 669370	3600	1,763	0	PT
93.000		UW BUD# 669766	3600	31	0	PT
93.000		UW BUD# 674725	3600	129,064	0	PT
93.000		UW BUD# 800464	3600	66	0	PT
93.000		UW-04-4568	3600	25,947	0	PT
93.000		UWNMR-13596-2	3600	34,807	0	PT
93.000		UWNMR-13597-3	3600	88,204	0	PT
93.000		UWPPG-13596-2	3600	187,402	0	PT
93.000		UWPPG-13597-3	3600	839,589	0	PT
93.000		WFUHS 30225 AM03	3600	134,993	0	PT
93.000		WFUHS 30225 AM04	3600	274,071	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

For the Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
93.000	HHS - Contract Number Only Provided	WFUHS 33000 AM04	3600	(13,064)	0	PT
93.000		WFUHS 33000 AM06	3600	1,071	0	PT
93.000		WFUHS 33000 AM07	3600	(2)	0	PT
93.000		WFUHS 33000 AM08	3600	315,340	0	PT
93.000		WFUHS 33000 AM09	3600	650	0	PT
93.000		WFUHS 33000 AM11	3600	72,517	0	PT
93.000		WFUHS 33000 AM12	3600	(5,113)	0	PT
93.000		WFUHS 33000 AM14	3600	504,745	0	PT
93.000		WFUHS33000SULLIVANAM06	3600	28,785	0	PT
93.000		10685SUB	3650	321,095	0	PT
93.000		118171	3650	14,268	0	PT
93.000		200201139650	3650	100,596	0	
93.000		2421310421000	3650	20,980	0	PT
93.000		3552	3650	22,440	0	PT
93.000		46181	3650	35,816	0	PT
93.000		UCHC637191497	3650	19,232	0	PT
93.000		WSU002312	3650	258	0	PT
93.000		WSU002568	3650	1,442	0	PT
<b>Federal Program 93.000 Total</b>				<b>33,668,773</b>	<b>2,717,129</b>	
93.041	Special Programs for the Aging_title VII, Chapter		3000	85,706	66,478	
<b>Federal Program 93.041 Total</b>				<b>85,706</b>	<b>66,478</b>	
93.042	Special Programs for the Aging_title VII, Chapter		3000	356,985	0	
<b>Federal Program 93.042 Total</b>				<b>356,985</b>	<b>0</b>	
93.043	Special Programs for the Aging_title III, Part D_d		3000	299,554	299,554	
<b>Federal Program 93.043 Total</b>				<b>299,554</b>	<b>299,554</b>	
93.048	Spc Prog Aging Title Iv & II Disc Proj		1600	218,810	0	
<b>Federal Program 93.048 Total</b>				<b>218,810</b>	<b>0</b>	
93.051	Alzheimer's Disease Demonstration Grants to States		3000	37,669	26,036	
93.051		144448 AM01	3600	20,516	0	PT
<b>Federal Program 93.051 Total</b>				<b>58,185</b>	<b>26,036</b>	
93.052	National Family Caregiver Support, Title III, Part		3000	2,813,704	2,715,373	
<b>Federal Program 93.052 Total</b>				<b>2,813,704</b>	<b>2,715,373</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.067	Global AIDS		3600	19,382,502	10,285,475	
93.067		001-4 AM01	3600	29,294		0 PT
93.067		001-5 AM001	3600	203,510		0 PT
93.067		0014PR5UGPS00204704	3600	7,231		0 PT
93.067		002-4	3600	3,036		0 PT
93.067		002-4 AM001	3600	158,256		0 PT
93.067		002-5 AM01	3600	44,857		0 PT
93.067		002-5 AMO1	3600	231,802		0 PT
93.067		003-4	3600	(13,531)		0 PT
93.067		003-4 AM002	3600	91,877		0 PT
93.067		003-4 AM003	3600	20,975		0 PT
93.067		003-5 AM01	3600	126,413		0 PT
93.067		005-4 AM01	3600	(10,818)		0 PT
93.067		109276	3600	3,278		0 PT
93.067		2312021273651505LMOD06	3600	15,376		0 PT
93.067		3RV84PRIMEU2GGH000985	3600	11,867		0 PT
93.067		6293SC AM08	3600	162,020		0 PT
93.067		6293SC AM09	3600	254,721		0 PT
93.067		7873SC AM01	3600	158,385		0 PT
93.067		7877SCPR5U2GPS00282904	3600	22,042		0 PT
93.067		7962SC AM01	3600	80,931		0 PT
93.067		8534SC5U2GPS00282905	3600	190,660		0 PT
93.067		8536SC	3600	63,921		0 PT
93.067		8566SC	3600	94,420		0 PT
93.067		8566SC AM01	3600	10,734		0 PT
93.067		ADOLESCENT YR01	3600	43,361		0 PT
93.067		PMTCT-HEL-YR01	3600	64,463		0 PT
93.067		UW BUD# 673162	3600	222,180		0 PT
<b>Federal Program 93.067 Total</b>				<b>21,673,763</b>	<b>10,285,475</b>	
93.069	Public Health Emergency Preparedness		3030	11,869,633	6,446,129	
93.069			3600	351,561	0	
93.069		PREP3563	3650	5,000	0	PT
<b>Federal Program 93.069 Total</b>				<b>12,226,194</b>	<b>6,446,129</b>	
93.070	Environmental Public Health and Emergency Response		3030	1,304,728	13,326	
93.070		UW BUD# 675043	3600	2,032	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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June 30, 2015  
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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.070 Total</b>				<b>1,306,760</b>	<b>13,326</b>	
93.071	Medicare Enrollment Assistance Program		3000	225,512	198,868	
<b>Federal Program 93.071 Total</b>				<b>225,512</b>	<b>198,868</b>	
93.072	Lifespan Respite Care Program		3000	191,190	706	
<b>Federal Program 93.072 Total</b>				<b>191,190</b>	<b>706</b>	
93.074	Hosp. Prep. Prog. (Hpp) & Public Health Emer Prep.		3030	65,091	0	
93.074		PH-002436	3600	(507)	0	PT
93.074		PH-002436 AM02	3600	(5,475)	0	PT
<b>Federal Program 93.074 Total</b>				<b>59,109</b>	<b>0</b>	
93.077	Family Smoking Preventn & Tobacco Cont Reg Resrch		3600	2,872,979	8,915	
93.077		FY13106601 AM03	3600	61,882	0	PT
<b>Federal Program 93.077 Total</b>				<b>2,934,861</b>	<b>8,915</b>	
93.079	Cooperative Agreements to Promote Adolescent Healt		3500	378,693	100,730	
<b>Federal Program 93.079 Total</b>				<b>378,693</b>	<b>100,730</b>	
93.082	Sodium Reduction In Communities		3030	316,025	243,595	
<b>Federal Program 93.082 Total</b>				<b>316,025</b>	<b>243,595</b>	
93.090	Guardianship Assistance		3000	504,364	0	
<b>Federal Program 93.090 Total</b>				<b>504,364</b>	<b>0</b>	
93.092	Affordable Care Act Personal Resp. Ed Program		3030	1,083,422	816,598	
<b>Federal Program 93.092 Total</b>				<b>1,083,422</b>	<b>816,598</b>	
93.093	Affordable Care Act Health Profession Opportunity	12/679-HHS	2350	35,487	0	PT
93.093			6990	1,734,435	0	
93.093		C754E15081710010	6990	189,586	0	PT
93.093		HPOGV2 MOU#40830	6990	26,618	0	PT
<b>Federal Program 93.093 Total</b>				<b>1,986,126</b>	<b>0</b>	
93.103	Food and Drug Administration_research		3650	121,579	0	
<b>Federal Program 93.103 Total</b>				<b>121,579</b>	<b>0</b>	
93.103	Food and Drug Administration_research		4950	810,741	0	
<b>Federal Program 93.103 Total</b>				<b>810,741</b>	<b>0</b>	
93.107	Model State-Supported Area Health Education Center		3600	426,517	319,135	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.107	Model State-Supported Area Health Education Center	G170-15-W4654	3600	10,963	0	PT
93.107		P0481873 AM01	3600	8,552	0	PT
93.107		U77HP23073-03-00	3600	2,758	0	PT
<b>Federal Program 93.107 Total</b>				<b>448,790</b>	<b>319,135</b>	
93.110	Maternal and Child Health Federal Consolidated Pro		3030	569,101	112,349	
93.110			3600	2,357,072	214,670	
93.110		11043SUB	3600	27,059	0	PT
93.110		11258SUB	3600	9,147	0	PT
93.110		1920 G RA028 AM01	3600	15,027	0	PT
93.110		P0424035B AM003	3600	(1,277)	0	PT
93.110		P0424035B AM004	3600	25,090	0	PT
<b>Federal Program 93.110 Total</b>				<b>3,001,219</b>	<b>327,019</b>	
93.116	Project Grants and Cooperative Agreements for Tube		3030	1,580,692	808,380	
<b>Federal Program 93.116 Total</b>				<b>1,580,692</b>	<b>808,380</b>	
93.127	Emergency Medical Services for Children		3030	125,375	31,000	
<b>Federal Program 93.127 Total</b>				<b>125,375</b>	<b>31,000</b>	
93.130	Cooperative Agreements to States/Territories for T		3030	201,600	25,000	
<b>Federal Program 93.130 Total</b>				<b>201,600</b>	<b>25,000</b>	
93.136	Injury Prevention and Control Research and State A		3030	1,288,175	90,716	
<b>Federal Program 93.136 Total</b>				<b>1,288,175</b>	<b>90,716</b>	
93.142	Niehs Hazardous Waste Worker Health and Safety Tra	2105 G HB431 AM05	3600	13,938	0	PT
93.142		2105 G NA299 AM03	3600	17,277	0	PT
93.142		2105 G NA299 AM04	3600	125,278	0	PT
93.142		UW BUD# 674940	3600	40,118	0	PT
93.142		UW BUD# 674941	3600	60,402	0	PT
93.142		UW BUD# 674942	3600	52,060	0	PT
<b>Federal Program 93.142 Total</b>				<b>309,073</b>	<b>0</b>	
93.145	AIDS Education and Training Centers		3600	2,440,030	883,449	
<b>Federal Program 93.145 Total</b>				<b>2,440,030</b>	<b>883,449</b>	
93.150	Projects for Assistance In Transition From Homeles		3000	730,998	283,814	
<b>Federal Program 93.150 Total</b>				<b>730,998</b>	<b>283,814</b>	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.153	Coordinated Services and Access to Research for Wo		3030	542,965	459,432	
<b>Federal Program 93.153 Total</b>				<b>542,965</b>	<b>459,432</b>	
93.161	Health Program for Toxic Substances and Disease Re	PRIME 1U61TS000238-01	3600	47,412		0 PT
93.161		U61TS000238-R10-01	3600	58,388		0 PT
<b>Federal Program 93.161 Total</b>				<b>105,800</b>	<b>0</b>	
93.165	Grants to States for Loan Repayment Program		3400	466,211	466,211	
<b>Federal Program 93.165 Total</b>				<b>466,211</b>	<b>466,211</b>	
93.178	Nursing Workforce Diversity		3650	306,021		0
<b>Federal Program 93.178 Total</b>				<b>306,021</b>	<b>0</b>	
93.191	Allied Health Special Projects		3600	160,575		4,783
<b>Federal Program 93.191 Total</b>				<b>160,575</b>	<b>4,783</b>	
93.211	Telehealth Network Grants		3600	238,685		0
<b>Federal Program 93.211 Total</b>				<b>238,685</b>	<b>0</b>	
93.217	Family Planning_services		3030	3,442,051	2,763,607	
<b>Federal Program 93.217 Total</b>				<b>3,442,051</b>	<b>2,763,607</b>	
93.223	Development and Coordination of Rural Health Servi	1UA9RH260270100AM01	3600	6,379		0 PT
<b>Federal Program 93.223 Total</b>				<b>6,379</b>	<b>0</b>	
93.231	Epidemiology Cooperative Agreements	ANTHC10P27690MOD005	3600	23,744		0 PT
93.231		NWIC2421310422000MOD04	3600	1,854		0 PT
<b>Federal Program 93.231 Total</b>				<b>25,598</b>	<b>0</b>	
93.236	Grants for Dental Public Health Residency Training	14-07501-690 REN01	3600	198,584		0 PT
<b>Federal Program 93.236 Total</b>				<b>198,584</b>	<b>0</b>	
93.240	State Capacity Building		3030	510,360		0
<b>Federal Program 93.240 Total</b>				<b>510,360</b>	<b>0</b>	
93.241	State Rural Hospital Flexibility Program		3030	498,639	302,200	
<b>Federal Program 93.241 Total</b>				<b>498,639</b>	<b>302,200</b>	
93.243	Substance Abuse and Mental Health Services_project		3000	7,885,993	2,779,384	
93.243			3030	235,471	144,963	
93.243			3500	272,817	95,746	
93.243			3600	896,559	226,580	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.243	Substance Abuse and Mental Health Services_project	156197	3600	35,154	0	PT
93.243		5 U79 SM 060393 AM03	3600	7,949	0	PT
93.243		AMENDMENT # A2	3600	11,976	0	PT
93.243		T03353T/518361AM1	3600	(58)	0	PT
93.243			3650	260,352	218,315	
93.243		130286	3650	27,390	0	PT
93.243		2013A14	3650	9,637	0	PT
93.243		UCHC645265015	3650	32,153	0	PT
93.243		WSU002569	3650	45,044	0	PT
93.243			3800	117,886	0	
<b>Federal Program 93.243 Total</b>				<b>9,838,323</b>	<b>3,464,988</b>	
93.247	Advanced Education Nursing Grant Program		3600	1,005,750	38,353	
93.247			3650	258,453	317	
<b>Federal Program 93.247 Total</b>				<b>1,264,203</b>	<b>38,670</b>	
93.250	Geriatric Academic Career Awards		3600	74,897	0	
<b>Federal Program 93.250 Total</b>				<b>74,897</b>	<b>0</b>	
93.251	Universal Newborn Hearing Screening		3030	235,644	0	
<b>Federal Program 93.251 Total</b>				<b>235,644</b>	<b>0</b>	
93.262	Occupational Safety and Health Program	143405505	2350	3,889	0	PT
<b>Federal Program 93.262 Total</b>				<b>3,889</b>	<b>0</b>	
93.265	Comprehensive Geriatric Education Program(Cgep)		3600	266,065	0	
<b>Federal Program 93.265 Total</b>				<b>266,065</b>	<b>0</b>	
93.266	Health Systems Strengthening and HIV/AIDS Preventi		3600	42,821,058	2,020,859	
<b>Federal Program 93.266 Total</b>				<b>42,821,058</b>	<b>2,020,859</b>	
93.268	Immunization Cooperative Agreements		3030	6,961,059	2,486,175	
93.268			3030	69,758,175	69,758,175	NC
<b>Federal Program 93.268 Total</b>				<b>76,719,234</b>	<b>72,244,350</b>	
93.270	Adult Viral Hepatitis Prevention and Control		3030	541,625	216,903	
93.270			3600	128,664	0	
<b>Federal Program 93.270 Total</b>				<b>670,289</b>	<b>216,903</b>	
93.275	Substance Abuse and Mental Health Services-Access		3000	844,559	603,454	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.275 Total</b>				<b>844,559</b>	<b>603,454</b>	
93.276	Drug-Free Communities Support Program Grants	MEMORANDUM OF UNDERSTA	3750	1,615	0	PT
<b>Federal Program 93.276 Total</b>				<b>1,615</b>	<b>0</b>	
93.283	Centers for Disease Control and Prevention_investi		3030	4,508,530	1,608,527	
<b>Federal Program 93.283 Total</b>				<b>4,508,530</b>	<b>1,608,527</b>	
93.292	National Public Health Improvement Initiative		3030	151,913	98,170	
<b>Federal Program 93.292 Total</b>				<b>151,913</b>	<b>98,170</b>	
93.296	State Partnership Grant Program to Improve Minorit		3030	136,253	0	
<b>Federal Program 93.296 Total</b>				<b>136,253</b>	<b>0</b>	
93.300	National Center for Health Workforce Analysis		3600	279,013	0	
93.300		15M225U81HP264930200	3600	11,362	0	PT
<b>Federal Program 93.300 Total</b>				<b>290,375</b>	<b>0</b>	
93.301	Small Rural Hospital Improvement Grant Program		3030	386,090	340,263	
93.301		0000750946 AM02	3600	(4,702)	0	PT
<b>Federal Program 93.301 Total</b>				<b>381,388</b>	<b>340,263</b>	
93.305	National State Based Tobacco Control Programs		3030	186,400	5,684	
<b>Federal Program 93.305 Total</b>				<b>186,400</b>	<b>5,684</b>	
93.311	Mobilization for Health: National Prevention Partn		3600	146,390	40,000	
<b>Federal Program 93.311 Total</b>				<b>146,390</b>	<b>40,000</b>	
93.314	Early Hearing Detection and Intervention Informati		3030	148,888	0	
<b>Federal Program 93.314 Total</b>				<b>148,888</b>	<b>0</b>	
93.323	Epidemiology and Laboratory Capacity for Infectio		3030	963,464	0	
<b>Federal Program 93.323 Total</b>				<b>963,464</b>	<b>0</b>	
93.324	State Health Insurance Assistance Program		1600	844,137	0	
<b>Federal Program 93.324 Total</b>				<b>844,137</b>	<b>0</b>	
93.336	Behavioral Risk Factor Surveillance System		3030	17,270	0	
<b>Federal Program 93.336 Total</b>				<b>17,270</b>	<b>0</b>	
93.352	Construction Support		3600	999,082	0	
<b>Federal Program 93.352 Total</b>				<b>999,082</b>	<b>0</b>	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.359	Nurse Education, Practice and Retention Grants		3600	884,960	50,151	
93.359		E4915 491423 AM	3600	9,119	0	PT
<b>Federal Program 93.359 Total</b>				<b>894,079</b>	<b>50,151</b>	
93.369	Acl Independent Living State Grants		3000	35,838	35,838	
<b>Federal Program 93.369 Total</b>				<b>35,838</b>	<b>35,838</b>	
93.392	Health & Human Services Dept		3600	79,360	0	
<b>Federal Program 93.392 Total</b>				<b>79,360</b>	<b>0</b>	
93.408	ARRA - Nurse Faculty Loan Program		3600	136,685	0	OL
93.408			3600	(16,449)	0	
<b>Federal Program 93.408 Total</b>				<b>120,236</b>	<b>0</b>	
93.433	Acl National Institute on Disability, Independent		3600	1,753,674	207,828	
<b>Federal Program 93.433 Total</b>				<b>1,753,674</b>	<b>207,828</b>	
93.441	Indian Self-Determination	C13-24 AM02	3600	30,515	0	PT
93.441		C15-11 PO#24824 AM01	3600	39,305	0	PT
<b>Federal Program 93.441 Total</b>				<b>69,820</b>	<b>0</b>	
93.448	Food Safety and Security Monitoring Project		3030	207,733	0	
93.448			4950	235,804	0	
<b>Federal Program 93.448 Total</b>				<b>443,537</b>	<b>0</b>	
93.449	Ruminant Feed Ban Support Project		4950	244,399	0	
<b>Federal Program 93.449 Total</b>				<b>244,399</b>	<b>0</b>	
93.464	Acl Assistive Technology		3600	228,060	0	
<b>Federal Program 93.464 Total</b>				<b>228,060</b>	<b>0</b>	
93.500	Pregnancy Assistance Fund Program		3030	1,507,607	665,842	
<b>Federal Program 93.500 Total</b>				<b>1,507,607</b>	<b>665,842</b>	
93.505	Afford Care Act Maternal/Infant/Early Chdhood Visi		3570	11,167,691	9,755,283	
<b>Federal Program 93.505 Total</b>				<b>11,167,691</b>	<b>9,755,283</b>	
93.511	Affordable Care Act Grants to States Health Prem R		1050	603,102	0	
<b>Federal Program 93.511 Total</b>				<b>603,102</b>	<b>0</b>	
93.514	Affordable Care Act - Expan of Physican Asssts Trng		3600	461,225	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**

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.514 Total</b>				<b>461,225</b>	<b>0</b>	
93.516	Affordable Care Act - Public Health Train CTR Prg		3600	437,721	17,646	
<b>Federal Program 93.516 Total</b>				<b>437,721</b>	<b>17,646</b>	
93.517	Affordable Care Act Aging & Disability Rsrc Center		3000	852,347	526,914	
<b>Federal Program 93.517 Total</b>				<b>852,347</b>	<b>526,914</b>	
93.521	Afford Care Act IS Elc & EIP Agreements		3030	825,512	71,618	
<b>Federal Program 93.521 Total</b>				<b>825,512</b>	<b>71,618</b>	
93.531	Pphf 2012: Community Transformation Grants & Natl		3030	1,648,801	981,878	
<b>Federal Program 93.531 Total</b>				<b>1,648,801</b>	<b>981,878</b>	
93.537	Affordable Care Act Medical Emerg Pyschiatric Demo		3000	209,555	0	
<b>Federal Program 93.537 Total</b>				<b>209,555</b>	<b>0</b>	
93.538	Affordable Care Act - National Environ Pub Health		3030	84,688	0	
<b>Federal Program 93.538 Total</b>				<b>84,688</b>	<b>0</b>	
93.539	Pphf 2012: Prevention & Public Health Fund - Aca		3030	703,548	288,370	
<b>Federal Program 93.539 Total</b>				<b>703,548</b>	<b>288,370</b>	
93.556	Promoting Safe and Stable Families		3000	6,218,287	0	
<b>Federal Program 93.556 Total</b>				<b>6,218,287</b>	<b>0</b>	
93.563	Child Support Enforcement		3000	119,297,864	27,917,785	
<b>Federal Program 93.563 Total</b>				<b>119,297,864</b>	<b>27,917,785</b>	
93.566	Refugee and Entrant Assistance_state Administered		1070	38,831	0	
93.566			3000	11,946,494	0	
<b>Federal Program 93.566 Total</b>				<b>11,985,325</b>	<b>0</b>	
93.568	Low-Income Home Energy Assistance		1030	52,926,437	48,496,239	
<b>Federal Program 93.568 Total</b>				<b>52,926,437</b>	<b>48,496,239</b>	
93.569	Community Services Block Grant		1030	7,740,972	7,347,754	
<b>Federal Program 93.569 Total</b>				<b>7,740,972</b>	<b>7,347,754</b>	
93.576	Refugee and Entrant Assistance_discretionary Grant		3000	1,019,534	1,019,534	
<b>Federal Program 93.576 Total</b>				<b>1,019,534</b>	<b>1,019,534</b>	
93.579	U.S. Repatriation		3000	830	0	

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**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.579 Total</b>				<b>830</b>	<b>0</b>	
93.584	Refugee and Entrant Assistance_targeted Assistance		3000	475,817	0	
<b>Federal Program 93.584 Total</b>				<b>475,817</b>	<b>0</b>	
93.586	State Court Improvement Program		0550	511,343	0	
93.586		1027686	3650	1,696	0	PT
<b>Federal Program 93.586 Total</b>				<b>513,039</b>	<b>0</b>	
93.590	Community-Based Child Abuse Prevention Grants		3570	691,236	312,566	
<b>Federal Program 93.590 Total</b>				<b>691,236</b>	<b>312,566</b>	
93.597	Grants to States for Access and Visitation Program		3000	174,598	166,124	
<b>Federal Program 93.597 Total</b>				<b>174,598</b>	<b>166,124</b>	
93.599	Chafee Education and Training Vouchers Program		3000	739,008	0	
<b>Federal Program 93.599 Total</b>				<b>739,008</b>	<b>0</b>	
93.600	Head Start		3570	186,580	0	
93.600			3600	9,077,401	2,596,111	
93.600			3700	1,955,434	0	
93.600			6990	21,679,778	0	
93.600		1314 Headstart	6990	40,817	0	PT
93.600		1415 Early Headstart	6990	6,570	0	PT
93.600		1415 Headstart	6990	65,947	0	PT
93.600		1501415023	6990	47,676	0	PT
93.600		1501415038	6990	146,174	0	PT
93.600		LOA#8372	6990	56,440	0	PT
93.600		LOA#8373	6990	45,609	0	PT
93.600		LOA#8924	6990	69,342	0	PT
93.600		LOA8354	6990	182,847	0	PT
<b>Federal Program 93.600 Total</b>				<b>33,560,615</b>	<b>2,596,111</b>	
93.603	Adoption Incentive Payments		3000	24,000	0	
<b>Federal Program 93.603 Total</b>				<b>24,000</b>	<b>0</b>	
93.605	Family Connection Grants	UW BUD# 660827	3600	25,207	0	PT
93.605		UW BUD# 669544	3600	49,366	0	PT
<b>Federal Program 93.605 Total</b>				<b>74,573</b>	<b>0</b>	

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 Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.609	Medicaid Adult Quality Grants		3000	533,266	0	
<b>Federal Program 93.609 Total</b>				<b>533,266</b>	<b>0</b>	
93.617	Voting Access for Individuals With Disabilities_gr		0850	2,012	0	
<b>Federal Program 93.617 Total</b>				<b>2,012</b>	<b>0</b>	
93.624	Aca - State Innov. Models: Funding for Design & Te		1070	1,445,614	699,832	
<b>Federal Program 93.624 Total</b>				<b>1,445,614</b>	<b>699,832</b>	
93.626	Affordable Care Act Ship and Adrc Counseling		3000	27,201	0	
<b>Federal Program 93.626 Total</b>				<b>27,201</b>	<b>0</b>	
93.628	Affordable Care Act Implementn Support ST Demo Int		3000	1,077,848	83,770	
<b>Federal Program 93.628 Total</b>				<b>1,077,848</b>	<b>83,770</b>	
93.630	Developmental Disabilities Basic Support and Advoc		1030	1,280,110	388,418	
<b>Federal Program 93.630 Total</b>				<b>1,280,110</b>	<b>388,418</b>	
93.631	Developmental Disabilities Projects of National Si		1030	42,278	0	
<b>Federal Program 93.631 Total</b>				<b>42,278</b>	<b>0</b>	
93.632	University Centers for Excellence In Developmental		3600	535,465	0	
<b>Federal Program 93.632 Total</b>				<b>535,465</b>	<b>0</b>	
93.634	Aca Support for Demonstration Ombudsman Program SE		3000	281	0	
<b>Federal Program 93.634 Total</b>				<b>281</b>	<b>0</b>	
93.643	Children's Justice Grants to States		3000	483,035	0	
<b>Federal Program 93.643 Total</b>				<b>483,035</b>	<b>0</b>	
93.645	Child Welfare Services_state Grants		3000	4,743,883	0	
93.645		1C096100 Amend #3	3700	142,310	1,697	PT
<b>Federal Program 93.645 Total</b>				<b>4,886,193</b>	<b>1,697</b>	
93.648	Child Welfare Services Training Grants	105934-001	3600	27,774	0	PT
93.648		1400328 AM01	3600	67,051	0	PT
<b>Federal Program 93.648 Total</b>				<b>94,825</b>	<b>0</b>	
93.652	Adoption Opportunities		3000	377	0	
93.652			3600	596,623	304,627	
93.652		SC3002892417	3600	13,981	0	PT
93.652		UW BUD# 631320	3600	12,240	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.652	Adoption Opportunities	UW BUD# 661945	3600	1,177	0	PT
93.652		UW BUD# 662541	3600	11,069	0	PT
<b>Federal Program 93.652 Total</b>				<b>635,467</b>	<b>304,627</b>	
93.658	Foster Care - Title Iv-E		3000	82,699,495	0	
93.658		KC244100 Amend #4	3700	11	0	PT
93.658		KC247400	3700	122,413	0	PT
93.658		KC247500	3700	113,542	0	PT
93.658		KC247500 Amend #3	3700	1,269	0	PT
93.658		KC247600	3700	158,527	33,235	PT
93.658		KC247600 Amend #3	3700	3,341	0	PT
93.658		KC247700	3700	410,550	38,394	PT
93.658		KC247700 Amend #3	3700	62,981	0	PT
93.658		KC255500 Amend #1	3700	89,047	0	PT
<b>Federal Program 93.658 Total</b>				<b>83,661,176</b>	<b>71,629</b>	
93.659	Adoption Assistance		3000	45,847,615	0	
<b>Federal Program 93.659 Total</b>				<b>45,847,615</b>	<b>0</b>	
93.667	Social Services Block Grant		3000	39,520,628	0	
<b>Federal Program 93.667 Total</b>				<b>39,520,628</b>	<b>0</b>	
93.669	Child Abuse and Neglect State Grants		3000	626,835	0	
<b>Federal Program 93.669 Total</b>				<b>626,835</b>	<b>0</b>	
93.670	Child Abuse and Neglect Discretionary Activities	PRIME #90CA1781	3600	17,010	0	PT
<b>Federal Program 93.670 Total</b>				<b>17,010</b>	<b>0</b>	
93.671	Family Violence Prevention and Services/Grants For		3000	1,928,554	1,843,582	
<b>Federal Program 93.671 Total</b>				<b>1,928,554</b>	<b>1,843,582</b>	
93.674	Chafee Foster Care Independence Program		3000	3,031,791	2,559,858	
93.674		IC096000 Amend #2	3700	12,991	0	PT
<b>Federal Program 93.674 Total</b>				<b>3,044,782</b>	<b>2,559,858</b>	
93.715	Recovery Act - Comparative Effectiveness Research		3600	1	0	
<b>Federal Program 93.715 Total</b>				<b>1</b>	<b>0</b>	
93.718	ARRA - Health Information Tech Regional Extension		6990	111,614	0	
<b>Federal Program 93.718 Total</b>				<b>111,614</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.719	ARRA - WA ST Ehealth Collaborative Enterprise	ERS# 36154	3600	8,370	0	PT
<b>Federal Program 93.719 Total</b>				<b>8,370</b>	<b>0</b>	
93.733	Capacity Building Assist Strengthen Ph Immuniz		3030	1,107,878	39,981	
<b>Federal Program 93.733 Total</b>				<b>1,107,878</b>	<b>39,981</b>	
93.734	Empowering Older Adults & Adults With Disabilities		3000	286,071	222,246	
<b>Federal Program 93.734 Total</b>				<b>286,071</b>	<b>222,246</b>	
93.735	St.pub.hlth. Approaches Ensuring Quitline		3030	296,848	213,905	
<b>Federal Program 93.735 Total</b>				<b>296,848</b>	<b>213,905</b>	
93.745	Health Care Surveillance/Statistics Programs Brfss		3030	106,999	0	
<b>Federal Program 93.745 Total</b>				<b>106,999</b>	<b>0</b>	
93.748	C A for Prescription Drug Monitoring Program Elect		3030	1,721	0	
<b>Federal Program 93.748 Total</b>				<b>1,721</b>	<b>0</b>	
93.752	Cancer Prevention and Control Prog		3030	2,890,968	2,283,760	
<b>Federal Program 93.752 Total</b>				<b>2,890,968</b>	<b>2,283,760</b>	
93.753	Child Lead Poisoning Prevention Surveillance Finan		3030	47,201	0	
<b>Federal Program 93.753 Total</b>				<b>47,201</b>	<b>0</b>	
93.757	State and Local Public Health Actions to Prevent O		3030	1,795,916	286,029	
<b>Federal Program 93.757 Total</b>				<b>1,795,916</b>	<b>286,029</b>	
93.758	Preventive Health and Health Services Block Grant		3030	865,341	136,405	
<b>Federal Program 93.758 Total</b>				<b>865,341</b>	<b>136,405</b>	
93.767	State Children's Insurance Program		1070	56,122,822	0	
93.767			3000	2,380,584	0	
<b>Federal Program 93.767 Total</b>				<b>58,503,406</b>	<b>0</b>	
93.789	Alternatives to Psychiatric Residential Treatment		1600	50,648	0	
93.789		8771POSR00002960AM03	3600	281,541	0	PT
<b>Federal Program 93.789 Total</b>				<b>332,189</b>	<b>0</b>	
93.791	Money Follows the Person Rebalancing Demonstration		3000	21,436,056	280,275	
<b>Federal Program 93.791 Total</b>				<b>21,436,056</b>	<b>280,275</b>	
93.817	Hospital Preparedness Program (Hpp) Ebola Prepared		3030	126,491	123,730	

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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 93.817 Total</b>				<b>126,491</b>	<b>123,730</b>	
93.884	Grants for Training In Primary Care Medicine and D		3600	799,180	0	
<b>Federal Program 93.884 Total</b>				<b>799,180</b>	<b>0</b>	
93.889	National Bioterrorism Hospital Preparedness Progra		3030	6,466,069	4,566,522	
<b>Federal Program 93.889 Total</b>				<b>6,466,069</b>	<b>4,566,522</b>	
93.912	Rural Health Care Services Outreach and Rural Heal	G135-14-W4590	3600	2,452	0	PT
<b>Federal Program 93.912 Total</b>				<b>2,452</b>	<b>0</b>	
93.913	Grants to States for Operation of Offices of Rural		3030	170,871	143,150	
<b>Federal Program 93.913 Total</b>				<b>170,871</b>	<b>143,150</b>	
93.917	HIV Care Formula Grants		3030	12,178,832	3,917,921	
<b>Federal Program 93.917 Total</b>				<b>12,178,832</b>	<b>3,917,921</b>	
93.924	Ryan White HIV/AIDS Dental Reimbursements(communit		3600	12,966	0	
<b>Federal Program 93.924 Total</b>				<b>12,966</b>	<b>0</b>	
93.928	Special Projects of National Significance		3030	100,000	0	
<b>Federal Program 93.928 Total</b>				<b>100,000</b>	<b>0</b>	
93.939	HIV Prevention Activities_non-Governmental Organiz		3600	891,180	323,470	
<b>Federal Program 93.939 Total</b>				<b>891,180</b>	<b>323,470</b>	
93.940	HIV Prevention Activities_health Department Based		3030	3,637,506	2,677,372	
<b>Federal Program 93.940 Total</b>				<b>3,637,506</b>	<b>2,677,372</b>	
93.941	HIV Demonstration, Research, Public and Profession		3030	594,765	587,712	
<b>Federal Program 93.941 Total</b>				<b>594,765</b>	<b>587,712</b>	
93.944	Human Immunodeficiency Virus (Hiv)/Acquired Immuno		3030	2,188,631	1,145,491	
<b>Federal Program 93.944 Total</b>				<b>2,188,631</b>	<b>1,145,491</b>	
93.945	Assistance Programs for Chronic Disease Prevention		3030	1,276,440	45,833	
93.945		10827SUB	3600	469	0	PT
93.945		11095SUB	3600	2,941	0	PT
<b>Federal Program 93.945 Total</b>				<b>1,279,850</b>	<b>45,833</b>	
93.946	Cooperative Agreements to Support State-Based Safe		3030	149,367	0	
<b>Federal Program 93.946 Total</b>				<b>149,367</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.958	Block Grants for Community Mental Health Services		3000	10,504,511	5,032,708	
<b>Federal Program 93.958 Total</b>				<b>10,504,511</b>	<b>5,032,708</b>	
93.959	Block Grants for Prevention and Treatment of Subst		3000	38,138,418	11,875,146	
<b>Federal Program 93.959 Total</b>				<b>38,138,418</b>	<b>11,875,146</b>	
93.969	Geriatric Education Centers		3600	258,075	0	
<b>Federal Program 93.969 Total</b>				<b>258,075</b>	<b>0</b>	
93.977	Preventive Health Services_sexually Transmitted DI		3030	2,382,587	866,715	
93.977			3600	738,069	0	
<b>Federal Program 93.977 Total</b>				<b>3,120,656</b>	<b>866,715</b>	
93.982	Mental Health Disaster Assistance and Emergency Me		3000	95,788	0	
<b>Federal Program 93.982 Total</b>				<b>95,788</b>	<b>0</b>	
93.988	Cooperative Agreements for State-Based Diabetes Co		3030	298,713	0	
<b>Federal Program 93.988 Total</b>				<b>298,713</b>	<b>0</b>	
93.991	Preventive Health and Health Services Block Grant		3030	313,216	255,836	
<b>Federal Program 93.991 Total</b>				<b>313,216</b>	<b>255,836</b>	
93.994	Maternal and Child Health Services Block Grant To		3030	9,735,092	5,854,198	
<b>Federal Program 93.994 Total</b>				<b>9,735,092</b>	<b>5,854,198</b>	
93.999	HHS - Undetermined		3600	43,811	0	
93.999		None	6990	27,093	0	PT
<b>Federal Program 93.999 Total</b>				<b>70,904</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>861,888,984</b>	<b>258,674,825</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Corp for National & Community Service**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
94.002	Retired and Senior Volunteer Program		3750	62,086	0	
94.002			6990	50,488	0	
<b>Federal Program 94.002 Total</b>				<b>112,574</b>	<b>0</b>	
94.003	State Commissions		1050	287,323	0	
<b>Federal Program 94.003 Total</b>				<b>287,323</b>	<b>0</b>	
94.006	Americorps		1050	13,204,390	2,638,469	
94.006		480200	3600	196,456	0	PT
94.006			3800	663,908	89,168	
94.006			6990	236,316	0	
<b>Federal Program 94.006 Total</b>				<b>14,301,070</b>	<b>2,727,637</b>	
94.013	Volunteers In Service to America		3800	27	0	
<b>Federal Program 94.013 Total</b>				<b>27</b>	<b>0</b>	
94.021	Volunteer Generation Fund		1050	263,724	258,793	
<b>Federal Program 94.021 Total</b>				<b>263,724</b>	<b>258,793</b>	
<b>Corp for National &amp; Community Service Total</b>				<b>14,964,718</b>	<b>2,986,430</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Executive Office of the President**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
95.001	High Intensity Drug Trafficking Areas Program	9003000088	0800	30,466	0	PT
95.001		K10186	2250	2,905	0	PT
<b>Federal Program 95.001 Total</b>				<b>33,371</b>	<b>0</b>	
<b>Executive Office of the President Total</b>				<b>33,371</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Social Security Administration**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
96.008	Social Security - Work Incentives Planning and Ass		5400	291,984	0	
<b>Federal Program 96.008 Total</b>				<b>291,984</b>	<b>0</b>	
<b>Social Security Administration Total</b>				<b>291,984</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
97.000	Hs - Contract Number Only Provided	14-DHS-1100 AM01	3600	543,148	0	PT
97.000		HSFE1012P00139AMP03	3600	876	0	
97.000		HSHQDC13CB0013MODP02	3600	752,973	235,132	
97.000		167561	3650	27,462	0	PT
<b>Federal Program 97.000 Total</b>				<b>1,324,459</b>	<b>235,132</b>	
97.008	Non-Profit Security Program		2450	250,466	246,260	
<b>Federal Program 97.008 Total</b>				<b>250,466</b>	<b>246,260</b>	
97.012	Boating Safety Financial Assistance		4650	1,725,788	0	
<b>Federal Program 97.012 Total</b>				<b>1,725,788</b>	<b>0</b>	
97.023	Community Assistance Program State Support Service		4610	142,532	0	
<b>Federal Program 97.023 Total</b>				<b>142,532</b>	<b>0</b>	
97.029	Flood Mitigation Assistance		2450	541,331	513,387	
<b>Federal Program 97.029 Total</b>				<b>541,331</b>	<b>513,387</b>	
97.034	Disaster Unemployment Assistance		5400	23,654	0	
<b>Federal Program 97.034 Total</b>				<b>23,654</b>	<b>0</b>	
97.036	Disaster Grants - Public Assistance (Presidential)		2450	28,234,302	19,557,268	
<b>Federal Program 97.036 Total</b>				<b>28,234,302</b>	<b>19,557,268</b>	
97.039	Hazard Mitigation Grant		2450	1,424,942	1,153,315	
<b>Federal Program 97.039 Total</b>				<b>1,424,942</b>	<b>1,153,315</b>	
97.041	National Dam Safety Program		4610	108,513	0	
<b>Federal Program 97.041 Total</b>				<b>108,513</b>	<b>0</b>	
97.042	Emergency Management Performance Grants		2450	7,478,346	4,569,865	
<b>Federal Program 97.042 Total</b>				<b>7,478,346</b>	<b>4,569,865</b>	
97.043	State Fire Training Systems Grants		2250	23,725	0	
<b>Federal Program 97.043 Total</b>				<b>23,725</b>	<b>0</b>	
97.045	Cooperating Technical Partners		3600	20,300	0	
97.045			4610	123,097	0	
97.045			4900	103,756	0	
<b>Federal Program 97.045 Total</b>				<b>247,153</b>	<b>0</b>	
97.046	Fire Management Assistance Grant		2450	10,129,948	130,869	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 97.046 Total</b>				<b>10,129,948</b>	<b>130,869</b>	
97.047	Pre-Disaster Mitigation		2450	752,580	632,577	
97.047		E-15-173	3760	280	0	PT
<b>Federal Program 97.047 Total</b>				<b>752,860</b>	<b>632,577</b>	
97.050	Presidential Declared Disaster Assistance to Indiv		2450	132,166	0	
<b>Federal Program 97.050 Total</b>				<b>132,166</b>	<b>0</b>	
97.052	Emergency Operations Centers		2450	175,396	175,032	
<b>Federal Program 97.052 Total</b>				<b>175,396</b>	<b>175,032</b>	
97.056	Port Security Grant Program		2250	280,884	101,988	
97.056		K10875	2250	742	0	PT
97.056			4050	1,528,075	0	
<b>Federal Program 97.056 Total</b>				<b>1,809,701</b>	<b>101,988</b>	
97.061	Centers for Homeland Security	R0288152 PO484663	3600	5,758	0	PT
97.061		S11198.04 MOD04	3600	48,109	0	PT
97.061		504928P0902320	3650	38,698	0	PT
97.061		50503678050	3650	28,964	0	PT
<b>Federal Program 97.061 Total</b>				<b>121,529</b>	<b>0</b>	
97.065	Homeland Security Advanced Research Projects Agenc	130389	3650	1,114	0	PT
<b>Federal Program 97.065 Total</b>				<b>1,114</b>	<b>0</b>	
97.067	Homeland Security Grant Program	C140346FED	2250	6,006	0	PT
97.067		K10217	2250	13,266	0	PT
97.067		K10879	2250	1,020	0	PT
97.067			2450	20,693,964	17,175,565	
<b>Federal Program 97.067 Total</b>				<b>20,714,256</b>	<b>17,175,565</b>	
97.072	National Explosives Detection Canine Team Program		2250	491,508	0	
<b>Federal Program 97.072 Total</b>				<b>491,508</b>	<b>0</b>	
97.077	Homeland Security Research Testing, Evaluation, An		3650	13,487	0	
97.077		WSU001066	3650	275,715	0	PT
<b>Federal Program 97.077 Total</b>				<b>289,202</b>	<b>0</b>	
97.089	Driver's License Security Grant Program		2400	401,476	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 Year Ended  
June 30, 2015  
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**Federal Programs Not Clustered**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 97.089 Total</b>				<b>401,476</b>	<b>0</b>	
97.110	Severe Loss Repetitive Program		2450	82,319	28,707	
<b>Federal Program 97.110 Total</b>				<b>82,319</b>	<b>28,707</b>	
97.111	Regional Catastrophic Preparedness Grant Program (		2450	821,862	727,118	
<b>Federal Program 97.111 Total</b>				<b>821,862</b>	<b>727,118</b>	
97.130	National Nuclear Forensics Expertise Development P	MUSC13003	3650	122,419	0	PT
<b>Federal Program 97.130 Total</b>				<b>122,419</b>	<b>0</b>	
97.999	Homeland Security - Undetermined		2450	(22,296)	0	
97.999			4770	1,145	0	
<b>Federal Program 97.999 Total</b>				<b>(21,151)</b>	<b>0</b>	
<b>Dept of Homeland Security Total</b>				<b>77,549,816</b>	<b>45,247,083</b>	

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 Year Ended  
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**Federal Programs Not Clustered**

**U.S. Agency for International Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
98.001	Usaid Foreign Assistance for Programs Overseas		3600	271,047	11,180	
98.001		00008193 AM03	3600	9,839	0	PT
98.001		00008193 AM04	3600	313,959	0	PT
98.001		44827833 PO#S9000468	3600	79,247	0	PT
98.001		A197201103ITECHMOD09	3600	(8,976)	0	PT
98.001		FY15-AMDI-TASCHA-01	3600	55,144	0	PT
98.001		SH1211 AM01	3600	623	0	PT
98.001		SH1425	3600	29,319	0	PT
98.001		SR1405 AM02	3600	87,700	0	PT
98.001			3650	406,860	101,195	
98.001		4044087D	3650	(61)	0	PT
98.001		42597619276	3650	43,908	0	PT
98.001		557201-14-002	3800	3,082	0	PT
<b>Federal Program 98.001 Total</b>				<b>1,291,691</b>	<b>112,375</b>	
<b>U.S. Agency for International Development Total</b>				<b>1,291,691</b>	<b>112,375</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**Federal Programs Not Clustered**

**Undetermined Fed Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
99.000	Unk Fed Agy - Contract Number Only Provided	14-PO-358-0000307425	3600	7,384	0	
99.000		15-USG-1064 MOD02	3600	15,995	0	PT
99.000		2012-IJ-CX-0023	3600	111,728	0	
99.000		2012-IJ-CX-0040	3600	70,772	0	
99.000		201212081600001MOD002	3600	28,425	0	
99.000		2013-FA-BX-0006	3600	122,553	0	
99.000		2013HI314001APS6192921	3600	74,537	0	PT
99.000		2013HIT321001BPS619292	3600	543	0	PT
99.000		DJJ-11W-ENR01-0522	3600	(85,107)	0	
99.000		MCC-13-BPA-0059 AM0001	3600	75,812	0	
99.000		NCHRP3107AM02NO12126	3600	35,851	0	PT
99.000		PROJECT #802UW MOD07	3600	8,000	0	PT
99.000		PS 6243102	3600	7,679	0	PT
99.000		UW BUD# 661402	3600	3,494	0	PT
99.000		HSFE10-14-P-0037	3800	29,717	0	
99.000		HSFE10-14-P-0077	3800	36,933	0	
99.000		HSFERS-13-P-0014	3800	6,382	0	
<b>Federal Program 99.000 Total</b>				<b>550,698</b>	<b>0</b>	
99.999	Undetermined Federal Agency		3600	142,097	0	
99.999		TEDDWSUOGRD119414	3650	7,480	0	PT
<b>Federal Program 99.999 Total</b>				<b>149,577</b>	<b>0</b>	
<b>Undetermined Fed Agency Total</b>				<b>700,275</b>	<b>0</b>	
<b>Federal Programs Not Clustered Total</b>				<b>3,500,155,786</b>	<b>833,188,961</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**National Endowment for the Humanities**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
06.161	Promotion of the Humanities Research		3600	33,038	0	
06.161			3650	27,871	0	
<b>Federal Program 06.161 Total</b>				<b>60,909</b>	<b>0</b>	
<b>National Endowment for the Humanities Total</b>				<b>60,909</b>	<b>0</b>	
<b>National Endowment for the Humanities Total</b>				<b>60,909</b>	<b>0</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

State of Washington  
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For the Year Ended  
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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	293,103	0	
10.001			3650	1,686,017	0	
10.001		201118169-02	3650	6,258	0	PT
10.001		BJKH65SB001	3650	(571)	0	PT
10.001			6990	1,614	0	
<b>Federal Program 10.001 Total</b>				<b>1,986,421</b>	<b>0</b>	
<b>Agricultural Research Service Total</b>				<b>1,986,421</b>	<b>0</b>	
10.200	Grants for Agricultural Research, Special Research		3600	698,222	343,933	
10.200			3650	866,026	487,824	
10.200		201117720	3650	39	0	PT
10.200		201117720WSU1	3650	195	0	PT
10.200		201117720WSU4ECS	3650	43	0	PT
10.200		20122337205	3650	16,924	0	PT
10.200		20122337209WSUCHAST	3650	28,197	0	PT
10.200		20122337215WSUTMILL	3650	268	0	PT
10.200		20122337218WSU	3650	7,113	0	PT
10.200		20122337220WSUHEBERT	3650	18,037	0	PT
10.200		201302570019CHASTAG	3650	6,726	0	PT
10.200		20130257007WSU	3650	30,871	0	PT
10.200		20130257011WSU	3650	47,172	0	PT
10.200		20130257029WSUGROVE1	3650	26,292	0	PT
10.200		AFE742346	3650	1,299	0	PT
10.200		BAK307SB002	3650	33,505	0	PT
10.200		BAK466SB001	3650	(70)	0	PT
<b>Federal Program 10.200 Total</b>				<b>1,780,859</b>	<b>831,757</b>	
10.202	Cooperative Forestry Research		3600	267,954	0	
10.202			3650	374,016	0	
<b>Federal Program 10.202 Total</b>				<b>641,970</b>	<b>0</b>	
10.203	Payments to Agricultural Experiment Stations Under		3650	4,575,690	0	
<b>Federal Program 10.203 Total</b>				<b>4,575,690</b>	<b>0</b>	
10.206	Grants for Agricultural Research_competitive Resea		3650	26,163	0	
10.206		42204819276	3650	23,105	0	PT
10.206		S10200	3650	(245)	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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**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
<b>Federal Program 10.206 Total</b>				<b>49,023</b>	<b>0</b>	
10.207	Animal Health and Disease Research		3650	207,218	0	
<b>Federal Program 10.207 Total</b>				<b>207,218</b>	<b>0</b>	
10.212	Small Business Innovation Research	117818	3650	3,069	0	PT
10.212		WSU002491	3650	39,346	0	PT
<b>Federal Program 10.212 Total</b>				<b>42,415</b>	<b>0</b>	
10.215	Sustainable Agriculture Research and Education	090758003	3650	34,190	0	PT
10.215		100893004	3650	53,640	0	PT
10.215		110892004	3650	52,681	0	PT
10.215		110892012	3650	15,441	0	PT
10.215		12083302	3650	44,140	0	PT
10.215		120833027	3650	10,833	0	PT
<b>Federal Program 10.215 Total</b>				<b>210,925</b>	<b>0</b>	
10.219	Biotechnology Risk Assessment Research	RR167-551/4787396	3750	3,128	0	PT
<b>Federal Program 10.219 Total</b>				<b>3,128</b>	<b>0</b>	
10.227	1994 Institutions Research Program	28751MOD1NIFA201338424	3600	11,122	0	PT
10.227		28752MOD1NIFA201338424	3600	1,737	0	PT
10.227		UW BUD# 630823	3600	914	0	PT
10.227		28751	3650	3,258	0	PT
10.227		28752	3650	1,785	0	PT
10.227		28753	3650	4,098	0	PT
10.227		WSU002241	3650	3,978	0	PT
10.227		WSU002537	3650	6,624	0	PT
10.227		28750	3800	6,091	0	PT
<b>Federal Program 10.227 Total</b>				<b>39,607</b>	<b>0</b>	
<b>National Institute of Food and Agriculture Total</b>				<b>7,550,835</b>	<b>831,757</b>	
10.250	Agricultural and Rural Economic Research		3650	817,404	0	
<b>Federal Program 10.250 Total</b>				<b>817,404</b>	<b>0</b>	
<b>Economic Research Service Total</b>				<b>817,404</b>	<b>0</b>	
10.307	Organic Agriculture Research and Extension Initiat		3650	1,093,028	188,037	
10.307		C0440AA	3650	27,658	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 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
<b>Federal Program 10.307 Total</b>				<b>1,120,686</b>	<b>188,037</b>	
10.310	Agriculture and Food Research Initiative (Afri)		3600	8,425,412	6,231,692	
10.310		416211-UW	3600	64,038	0	PT
10.310		4500001195 AM01	3600	24,639	0	PT
10.310		KFS5259950PO11522AM01	3600	32,240	0	PT
10.310		UNR1550PR2013670192136	3600	45,542	0	PT
10.310			3650	13,438,798	6,161,029	
10.310		101474002	3650	324,070	0	PT
10.310		15115	3650	12,203	0	PT
10.310		20101571807	3650	302,808	0	PT
10.310		20101573903	3650	106,276	0	PT
10.310		20122309005	3650	76,725	0	PT
10.310		238391A	3650	37,900	0	PT
10.310		2563210212002	3650	119,080	0	PT
10.310		BJKL03SB002	3650	1,361,800	0	PT
10.310		C000315874	3650	66,525	0	PT
10.310		C0414CB	3650	1,105	0	PT
10.310		H002413501	3650	30,125	0	PT
10.310		RC101749WSU	3650	69,874	0	PT
10.310		RC2933654693938	3650	12,276	0	PT
10.310		S110072	3650	189,271	0	PT
10.310		SUB2011128	3650	97,439	21,302	PT
10.310		U0720BA	3650	20,501	0	PT
<b>Federal Program 10.310 Total</b>				<b>24,858,647</b>	<b>12,414,023</b>	
10.320	Sun Grant Program	C0432GB	3650	22,236	0	PT
<b>Federal Program 10.320 Total</b>				<b>22,236</b>	<b>0</b>	
<b>National Institute of Food and Agriculture Total</b>				<b>26,001,569</b>	<b>12,602,060</b>	
10.652	Forestry Research		3600	69,972	0	
10.652			3650	61,744	0	
10.652			3800	21,957	0	
<b>Federal Program 10.652 Total</b>				<b>153,673</b>	<b>0</b>	
10.680	Forest Health Protection		3650	15,392	0	
10.680			4900	681,871	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**

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**Research and Development**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 10.680 Total</b>				<b>697,263</b>	<b>0</b>	
<b>Forest Service Total</b>				<b>850,936</b>	<b>0</b>	
10.961	Scientific Cooperation and Research		3650	731	0	
10.961		8000051137	3650	38,720	0	PT
10.961		800051140	3650	(3,479)	0	PT
<b>Federal Program 10.961 Total</b>				<b>35,972</b>	<b>0</b>	
<b>Foreign Agricultural Service Total</b>				<b>35,972</b>	<b>0</b>	
<b>Dept of Agriculture Total</b>				<b>37,243,137</b>	<b>13,433,817</b>	

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 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	3,587,398	336,738	
11.417		47485269POS9000494001	3600	100,414	0	PT
11.417		NA2233-B AM05	3600	19,363	0	PT
<b>Federal Program 11.417 Total</b>				<b>3,707,175</b>	<b>336,738</b>	
11.420	Coastal Zone Management Estuarine Research Reserve		3600	2,920	0	
11.420			4610	708,178	0	
<b>Federal Program 11.420 Total</b>				<b>711,098</b>	<b>0</b>	
11.427	Fisheries Development and Utilization Research And		3600	91,490	0	
11.427		H003990003PRIMENA14NMF	3600	15,010	0	PT
<b>Federal Program 11.427 Total</b>				<b>106,500</b>	<b>0</b>	
11.431	Climate and Atmospheric Research		3600	350,536	0	
11.431		NA226B-D AM04	3600	30,771	0	PT
<b>Federal Program 11.431 Total</b>				<b>381,307</b>	<b>0</b>	
11.432	Office of Oceanic and Atmospheric Research (Oar) J		3600	15,362,914	134,263	
<b>Federal Program 11.432 Total</b>				<b>15,362,914</b>	<b>134,263</b>	
11.440	Environmental Sciences, Applications, Data, and Ed	15-15	4770	163,786	0	PT
<b>Federal Program 11.440 Total</b>				<b>163,786</b>	<b>0</b>	
11.467	Meteorologic and Hydrologic Modernization Developm		2450	356,627	86,645	
<b>Federal Program 11.467 Total</b>				<b>356,627</b>	<b>86,645</b>	
11.468	Applied Meteorological Research		3600	177,493	0	
<b>Federal Program 11.468 Total</b>				<b>177,493</b>	<b>0</b>	
11.472	Unallied Science Program	#1006	3600	(1)	0	PT
11.472		12-85-10 AM03	3600	92,882	0	PT
11.472		1301	3600	64,890	0	PT
11.472		1304	3600	55,970	0	PT
11.472		1309	3600	42,676	0	PT
11.472		1321	3600	59,979	0	PT
11.472		1322	3600	70,268	0	PT
11.472		1402	3600	53,238	0	PT
11.472		1408	3600	22,391	0	PT
11.472		F6423 AM01	3600	36,756	0	PT
11.472		G82/F5182-01 AM01	3600	50,513	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards**

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**Research and Development**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.472	Unallied Science Program	G84/F5384-01 AM01	3600	29,762	0	PT
11.472		PROJECT #1421	3600	3,814	0	PT
11.472		G83/F5183-04	3800	45,360	0	PT
11.472		PROJECT 1427	3800	27,951	0	PT
11.472			4770	495,451	0	
<b>Federal Program 11.472 Total</b>				<b>1,151,900</b>	<b>0</b>	
<b>National Oceanic and Atmospheric Administration (N Total)</b>				<b>22,118,800</b>	<b>557,646</b>	
11.609	Measurement & Engineering Research & Stand		1030	228,695	0	
11.609			3600	7,317	0	
11.609			3650	36,308	0	
<b>Federal Program 11.609 Total</b>				<b>272,320</b>	<b>0</b>	
<b>National Institute of Standards and Technology (Ni Total)</b>				<b>272,320</b>	<b>0</b>	
<b>Dept of Commerce Total</b>				<b>22,391,120</b>	<b>557,646</b>	

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 Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	DOD - Contract Number Only Provided	#27-001389 MOD06	3600	(558)		0 PT
12.000		003/0000127778 MOD04	3600	43,110		0 PT
12.000		005-4394-059 MOD04	3600	29,401		0 PT
12.000		10033316	3600	64,393		0 PT
12.000		1150114-293607 AM04	3600	173,597		0 PT
12.000		117773 MOD01	3600	18,890		0 PT
12.000		13-2243	3600	12,128		0 PT
12.000		14016	3600	64,832		0 PT
12.000		15-C-0034 MOD01	3600	152,942		0
12.000		15-S26-6-4-C1	3600	11,467		0 PT
12.000		15-SUBC-440-0000323022	3600	51,391		0 PT
12.000		19-000234 MOD04	3600	66,678		0 PT
12.000		2010-319 MOD06	3600	3,395		0 PT
12.000		255462	3600	10,000		0 PT
12.000		27-001389 MOD09	3600	224,301		0 PT
12.000		29030420-50473-B AM05	3600	53,943		0 PT
12.000		3002874557 AM01	3600	39,255		0 PT
12.000		3003270965	3600	69,959		0 PT
12.000		69000535MOD08RELEASE3	3600	233,795		0 PT
12.000		72284 AM06	3600	4,364		0 PT
12.000		832705-6	3600	(489)		0 PT
12.000		AM06	3600	28,754		0 PT
12.000		AMEND #02	3600	131,842		0 PT
12.000		AMENDMENT NO.10	3600	(33,851)		0 PT
12.000		APS-14-02 MOD04	3600	398,492		0 PT
12.000		BD516137	3600	50,998		0 PT
12.000		BD517407 AM01	3600	63,645		0 PT
12.000		D13PC00203 MOD01	3600	29,846	19,217	
12.000		FA8650-12-5203	3600	107,898		0 PT
12.000		FA8750-12-C-0174	3600	1,445,241	235,128	
12.000		G-00184-1	3600	13,747		0 PT
12.000		GRANT PT100068 AM02	3600	117,451		0 PT
12.000		H98230-10-C-0289/0000	3600	37,648		0
12.000		H9823010C02630000AMP09	3600	(178)		0
12.000		H9823010C02890000MODP0	3600	(2,400)		0
12.000		H9823014C0146AMP00001	3600	168,026		0

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 Defense**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	DOD - Contract Number Only Provided	HDTRA1-11-C-0026 AM05	3600	(2,412)	0	PT
12.000		HDTRA1-11-C-0026 AM09	3600	377,237	0	PT
12.000		HDTRA1-13-C-0092	3600	696,939	0	
12.000		HSCG3214PP04094AMA0000	3600	14,348	0	
12.000		HU0001141TS07N14P10MOD	3600	8,448	0	
12.000		IPA-14-0011	3600	6,562	0	
12.000		IPA000-14-0-0019	3600	43,215	0	
12.000		K000886-00-S06 MOD05	3600	143,385	0	PT
12.000		N00014-07-G-0557/0019	3600	42,610	0	
12.000		N00014-07-G-0557/0024	3600	272,607	0	
12.000		N00014-07-G-0557/0026	3600	1,626	0	
12.000		N00014-07-G-0557/0027	3600	24,635	0	
12.000		N00014-07-G-0557/0029	3600	88,470	0	
12.000		N00014-07-G-0557/0031	3600	28	0	
12.000		N00014-07-G-0557/0032	3600	212,254	0	
12.000		N00014-12-C-0158	3600	1,229,022	0	
12.000		N00014-12-G-0078/0002	3600	3,724	0	
12.000		N00014-12-G-0078/0003	3600	191,993	0	
12.000		N00014-12-G-0078/0004	3600	335,129	0	
12.000		N00014-12-G-0078/0009	3600	449,269	0	
12.000		N00014-12-G-0078/0010	3600	1,164	0	
12.000		N00014-12-G-0078/0012	3600	122,643	0	
12.000		N00014-12-G-0078/0013	3600	110,587	0	
12.000		N00014-12-G-0078/0021	3600	363,803	0	
12.000		N00014-12-G-0078/0024	3600	200,643	0	
12.000		N00014-12-G-0078/0027	3600	98,126	0	
12.000		N00014-12-G-0078/0028	3600	74,773	0	
12.000		N00014-12-G-0078/0029	3600	84,818	0	
12.000		N00014-13-C-0221	3600	163,763	0	
12.000		N00014-14-C-5021	3600	135,239	0	
12.000		N00014-14-P-1098	3600	1,487	0	
12.000		N000141110436001AM3MD1	3600	38,736	0	PT
12.000		N00024-02-D-6602/0102	3600	(292)	0	
12.000		N00024-10-D-6318	3600	708,215	0	
12.000		N00024-10-D-6318/0019	3600	193,163	0	
12.000		N00024-10-D-6318/0020	3600	28,515	0	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	DOD - Contract Number Only Provided	N00024-10-D-6318/0021	3600	169,177		0
12.000		N00024-10-D-6318/0024	3600	539,787		0
12.000		N00024-10-D-6318/0025	3600	531,604		0
12.000		N00024-10-D-6318/0026	3600	146,567		0
12.000		N00024-10-D-6318/0027	3600	(547)		0
12.000		N00024-10-D-6318/0028	3600	595,565		0
12.000		N00024-10-D-6318/0029	3600	4,133		0
12.000		N00024-10-D-6318/0030	3600	23,112		0
12.000		N00024-10-D-6318/0031	3600	121,000		0
12.000		N00024-10-D-6318/0032	3600	286,115		0
12.000		N00024-10-D-6318/0035	3600	265,591		0
12.000		N00024-10-D-6318/0036	3600	86,359		0
12.000		N00024-10-D-6318/0037	3600	1,800,810		0
12.000		N00024-10-D-6318/0038	3600	57,974		0
12.000		N00024-10-D-6318/0039	3600	341,392		0
12.000		N00024-10-D-6318/0041	3600	288,570	182,364	
12.000		N00024-10-D-6318/0042	3600	114,200		0
12.000		N00024-10-D-6318/0043	3600	93,900		0
12.000		N00024-10-D-6318/0044	3600	336,177		0
12.000		N00024-10-D-6318/0045	3600	60,629		0
12.000		N00024-10-D-6318/0046	3600	283,567		0
12.000		N00024-10-D-6318/0047	3600	13,001		0
12.000		N00024-10-D-6318/0048	3600	53,502		0
12.000		N0002410D6318002401	3600	1,937,610		0
12.000		N00167-10-D-0002/0009	3600	5,865		0
12.000		N00167-10-D-0002/0011	3600	1,292,159		0
12.000		N00167-10-D-0002/0014	3600	664,504		0
12.000		N00167-10-D-0002/0015	3600	12,973		0
12.000		N00167-10-D-0002/0016	3600	1,184,783		0
12.000		N00167-10-D-0002/0017	3600	27,333		0
12.000		N00167-10-D-0002/0018	3600	6,140		0
12.000		N00167-10-D-0002/0019	3600	692,102		0
12.000		N00167-10-D-0002/0020	3600	111,702		0
12.000		N00167-10-D-0002/0022	3600	164,301		0
12.000		N00167-10-D-0002/0023	3600	73,433		0
12.000		N00167-10-D-0002/0024	3600	26,126		0

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	DOD - Contract Number Only Provided	N00167-10-D0002/0021	3600	215,661		0
12.000		N00173-15-P-0518	3600	49,997		0
12.000		N66001-15-C-4009	3600	35,595		0
12.000		N68095-13-P-5018	3600	30,000		0
12.000		OASIS14-SC-05	3600	15,975		0 PT
12.000		P.O. 15-03	3600	4,606		0 PT
12.000		P.O.# 7374	3600	19,728		0 PT
12.000		PO #10291495-010	3600	369,762		0 PT
12.000		PO #69652 REV03	3600	106		0 PT
12.000		PO 10222014-1	3600	42,933		0 PT
12.000		PO 950620 REV01	3600	5,004		0 PT
12.000		PO P0095291	3600	46,057		0 PT
12.000		PO# 10313249-004	3600	151,654		0 PT
12.000		PO#2000859125 MOD05	3600	450		0 PT
12.000		PO#2000859125 MOD06	3600	17,590		0 PT
12.000		PO#28649	3600	38,450		0 PT
12.000		PO#28872	3600	2,107		0 PT
12.000		POAGREEMENT1302MOD06	3600	31,148		0 PT
12.000		PRIME W81XWH-11-1-0835	3600	125,286		0 PT
12.000		RM102A-B AM04	3600	45,688		0 PT
12.000		RM163OCONNJ1SIBCR	3600	11,065		0 PT
12.000		RM163OCONNJ2SIBCR	3600	54,152		0 PT
12.000		SPE7M5-14-M-4441	3600	(50)		0
12.000		SPE7M5-14-M-8185	3600	279		0
12.000		SRAS001407-01 MOD01	3600	91,148		0 PT
12.000		T72595	3600	19,934		0 PT
12.000		UW BUD# 630621	3600	37,222		0 PT
12.000		UW BUD# 638538	3600	(4,630)		0 PT
12.000		UW BUD# 663527	3600	24,800		0 PT
12.000		UW BUD# 668409	3600	32,478		0 PT
12.000		UW BUD# 669807	3600	114,183		0 PT
12.000		UW OSP# A81377 AM02	3600	15,355		0 PT
12.000		V0622A-A AM03	3600	340,222		0 PT
12.000		V115802W81XWH0820159	3600	40,219		0 PT
12.000		W68MD932068967FY132IPA	3600	33,865		0
12.000		W81XWH-14-1-0297	3600	16,337		0

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
12.000	DOD - Contract Number Only Provided	W81XWH-14-1-0401	3600	291,439	0	
12.000		W81XWH-14-1-0448	3600	119,696	0	
12.000		W81XWH1020090 MOD03	3600	22,834	0	PT
12.000		W81XWH12C0281P00003	3600	138,391	0	
12.000		W81XWH1310066P00010274	3600	174,670	0	
12.000		W911NF-13-1-0435	3600	30,135	0	
12.000		W911QY-13-2-0004	3600	44,009	0	
12.000		W912EF-13-C0009 MOD01	3600	41,244	0	
12.000		W912HQ-10-C-0014 AMP08	3600	268,617	31,273	
12.000		W912HQ-10-C-0070 AMP05	3600	(14,238)	0	
12.000		W912HQ-11-C-0053 P06	3600	296,334	16,318	
12.000		W912HQ-12-C-0016	3600	191,004	0	
12.000		W912HQ-12-C-0049 P04	3600	124,170	0	
12.000		W912HQ-13-C-0023	3600	12,361	0	
12.000		W912HQ-15-P-0032	3600	1,304	0	
12.000		W9214A-14-P-0048	3600	9,387	0	
12.000		WA-S-2014-015-1	3600	40,619	0	PT
12.000		0002	3650	286,812	0	
12.000		1007712	3650	3,333	0	
12.000		1007812	3650	10,020	3,420	
12.000		1232	3650	(55)	0	PT
12.000		1316985040927	3650	106,954	0	PT
12.000		1345	3650	2,420	0	PT
12.000		1632413	3650	3,979	3,328	
12.000		2001520332	3650	206,651	0	PT
12.000		54680	3650	78,291	0	PT
12.000		739623	3650	(4,008)	0	PT
12.000		950621	3650	193,359	0	PT
12.000		HT9404121TS07	3650	3,164	0	PT
12.000		IPA120004	3650	76,880	0	
12.000		IPA120005	3650	80,359	0	
12.000		N0025312P0174	3650	(35)	0	
12.000		N0040612P5112	3650	(281)	0	
12.000		N0040613P1432	3650	1,216	0	
12.000		N6227113M1228	3650	124,855	0	
12.000		NAFBA113M0195	3650	32,184	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**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.000	DOD - Contract Number Only Provided	NAFBA113M0237	3650	141,937		0
12.000		NAFBA113M0348	3650	49,851		0
12.000		W9113M09C0075	3650	701,434		0
12.000		W911NF1310352	3650	90,022		0
12.000		W911NF13C0031	3650	2,408,572	624,152	
12.000		W9124A13P0070	3650	34,602		0
12.000		W912EF09C0001	3650	58,899		0
12.000		W912EF10C0012	3650	5,601		0
12.000		W912HQ07C0003	3650	(789)		0
12.000		W91CRB11C0165	3650	13,304		0
12.000		W91CRB12C0059	3650	92,807		0
12.000		WAC20120220	3650	(1)		0 PT
12.000		WAC20140050	3650	9,450		0 PT
12.000		WSU002	3650	145,510		0 PT
12.000		WSU002831	3650	3,992		0 PT
12.000		WSU005	3650	314,962		0 PT
12.000		WSU007	3650	126,517		0 PT
12.000		14-88	4770	5,844		0 PT
12.000		14-89	4770	5,241		0 PT
12.000		14-90	4770	25,452		0 PT
12.000		W911S8-14-2-0010	4770	36,839		0
12.000		W911S8-15-2-0002	4770	2,407		0
12.000		W911S8-15-2-0003	4770	4,350		0
12.000		W912EF-13-P-5060	4770	18,263		0
12.000		WA-C-2014-029-0	4770	2,793		0 PT
12.000		W911S810D0022	6990	232,511		0
<b>Federal Program 12.000 Total</b>				<b>32,362,461</b>	<b>1,115,200</b>	
<b>DOD Contract Number Only Provided Total</b>				<b>32,362,461</b>	<b>1,115,200</b>	
12.300	Basic and Applied Scientific Research		3600	19,393,336		1,701,551
12.300		1141207-236198 AM11	3600	158,822		0 PT
12.300		1141221-293180 AM03	3600	22,113		0 PT
12.300		15-ONR-1029 AM02	3600	32,696		0 PT
12.300		557493 AM02	3600	141,940		0 PT
12.300		60647113-107808 AM04	3600	96,831		0 PT
12.300		A101081 AM03	3600	38,070		0 PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
12.300	Basic and Applied Scientific Research	GG007783 AM04	3600	241,468	0	PT
12.300		GG11431-138081 AM04	3600	7,327	0	PT
12.300		N000141110450UWAMOD08	3600	18,880	0	PT
12.300		S140003POAC21505AM02	3600	2,670	0	PT
12.300			3650	1,185,147	634,228	
12.300		KKK696SB001	3650	(23)	0	PT
12.300		PO10060234	3650	167,944	0	PT
12.300		UTA14_000245	3650	7,668	0	PT
12.300			4770	356,767	0	
<b>Federal Program 12.300 Total</b>				<b>21,871,656</b>	<b>2,335,779</b>	
12.350	Department of Defense HIV/AIDS Prevention Program		3600	1,018,402	0	
<b>Federal Program 12.350 Total</b>				<b>1,018,402</b>	<b>0</b>	
<b>Department of the Navy, Office of the Chief of Nav Total</b>				<b>22,890,058</b>	<b>2,335,779</b>	
12.351	Basic Scientific Research - Combating Weapons of M		3600	3,600,989	49,508	
12.351		28545260-52123-A AM03	3600	8,166	0	PT
12.351		G-9882-1	3600	(8,480)	0	PT
12.351		UTA11-000762 AM02	3600	10,408	0	PT
12.351		UTA11-000762 AM03	3600	93,130	0	PT
12.351			3650	1,508,544	174,982	
<b>Federal Program 12.351 Total</b>				<b>5,212,757</b>	<b>224,490</b>	
<b>Office of the Secretary of Defense Total</b>				<b>5,212,757</b>	<b>224,490</b>	
12.420	Military Medical Research and Development		3600	10,596,901	2,303,501	
12.420		0000787570	3600	1,570	0	PT
12.420		0000787570 AM002	3600	15,464	0	PT
12.420		0000814873	3600	138,595	0	PT
12.420		0000814876	3600	89,659	0	PT
12.420		3003179988	3600	97,888	0	PT
12.420		364271-SUB 2 A5	3600	306,376	0	PT
12.420		535819PRW81XWH1110639	3600	50,323	0	PT
12.420		8455SC	3600	45,044	0	PT
12.420		9009351_UW AM01	3600	121,606	0	PT
12.420		ARM333AM03W81XWH111081	3600	240,995	0	PT
12.420		PE141UW1 MOD01	3600	8,351	0	PT
12.420		PO713003AGR2252MOD03	3600	(4,952)	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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12.420	Military Medical Research and Development	PT108802-SC104833	3600	21,137	0	PT
12.420		PT108802-SC104833 AM02	3600	69,897	0	PT
12.420		PT108802-SC104833-S1	3600	329,053	0	PT
12.420		R01477 AM03	3600	442,471	0	PT
12.420		SUBAWARD# 2	3600	16,245	0	PT
12.420		W81XWH0920194AM02SEPSI	3600	53,908	0	PT
12.420		WFUHS 441002B GU-02	3600	2,128	0	PT
12.420			3650	484,376	39,324	
12.420			3700	134,385	0	
<b>Federal Program 12.420 Total</b>				<b>13,261,420</b>	<b>2,342,825</b>	
<b>U.S. Army Medical Command Total</b>				<b>13,261,420</b>	<b>2,342,825</b>	
12.431	Basic Scientific Research		3600	2,883,365	352,882	
12.431		11-IARPA-1009 MOD07	3600	277,606	0	PT
12.431		201301077-03 AM04	3600	118,929	0	PT
12.431		2014-2015-009	3600	50,067	0	PT
12.431		C13J11497J00210AM03	3600	9,834	0	PT
12.431		C13J11497J00210AM032	3600	66,035	0	PT
12.431			3650	218,137	0	
12.431		ARL10NWMISU120610	3650	(48)	0	PT
<b>Federal Program 12.431 Total</b>				<b>3,623,925</b>	<b>352,882</b>	
<b>U.S. Army Materiel Command Total</b>				<b>3,623,925</b>	<b>352,882</b>	
12.630	Basic, Applied, & Adv Resch In Sci & Eng		3600	217,457	402	
12.630		UW BUD# 662250	3600	300,033	0	PT
<b>Federal Program 12.630 Total</b>				<b>517,490</b>	<b>402</b>	
<b>Office of the Secretary of Defense Total</b>				<b>517,490</b>	<b>402</b>	
12.800	Air Force Defense Resch Sciences Program		3600	3,429,137	755,142	
12.800		11-708B-06 AM06	3600	4,132	0	PT
12.800		2 (GG006552) AM04	3600	287,590	0	PT
12.800		60814399-114411 AM01	3600	62,215	0	PT
12.800		RB250-G3 AM09	3600	141,979	0	PT
12.800		RB250-G3 AM10	3600	112,158	0	PT
12.800		SP0022325PROJ0007154AM	3600	272,325	0	PT
12.800		SUB0000043PRFA95500910	3600	4,548	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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12.800	Air Force Defense Resch Sciences Program	UW BUD# 666087	3600	90,168	0	PT
12.800		UW BUD# 668748	3600	106,515	0	PT
12.800			3650	20,301	0	
12.800		4212048A	3650	158,357	0	PT
12.800		4212057A	3650	240,163	0	PT
<b>Federal Program 12.800 Total</b>				<b>4,929,588</b>	<b>755,142</b>	
<b>Department of the Air Force, Materiel Command Total</b>				<b>4,929,588</b>	<b>755,142</b>	
12.902	Information Security Grant Program		3600	52,723	0	
<b>Federal Program 12.902 Total</b>				<b>52,723</b>	<b>0</b>	
<b>National Security Agency Total</b>				<b>52,723</b>	<b>0</b>	
12.910	Research and Technology Development		3600	5,509,481	2,623,558	
12.910		130305-5082680	3600	47,084	0	PT
12.910		251658 AM04	3600	51,691	0	PT
12.910		554995 AM02	3600	(76,313)	0	PT
12.910		564000	3600	526,130	0	PT
12.910			3650	1,161,752	0	
<b>Federal Program 12.910 Total</b>				<b>7,219,825</b>	<b>2,623,558</b>	
<b>Advanced Research Projects Agency Total</b>				<b>7,219,825</b>	<b>2,623,558</b>	
<b>Dept of Defense Total</b>				<b>90,070,247</b>	<b>9,750,278</b>	

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**

**Housing & Urban Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
14.008	Transformation Initiative: Choice Neighborhoods		3000		136	0
<b>Federal Program 14.008 Total</b>					<b>136</b>	<b>0</b>
<b>Office of Policy Development and Research Total</b>					<b>136</b>	<b>0</b>
<b>Housing &amp; Urban Development Total</b>					<b>136</b>	<b>0</b>

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 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
15.650	Research Grants (Generic)		3600	39,550	32,335	
15.650			3650	154,272	0	
15.650			4770	58,460	0	
<b>Federal Program 15.650 Total</b>				<b>252,282</b>	<b>32,335</b>	
15.664	Fish & Wildlife Coordination & Assistance Programs		3600	(40)	0	
<b>Federal Program 15.664 Total</b>				<b>(40)</b>	<b>0</b>	
15.669	Cooperative Landscapt Conservation		3600	50,649	0	
15.669		USFWS F12AP00833	3600	18,335	0	PT
15.669			4770	146,419	0	
<b>Federal Program 15.669 Total</b>				<b>215,403</b>	<b>0</b>	
<b>Fish and Wildlife Service Total</b>				<b>467,645</b>	<b>32,335</b>	
15.805	Assistance to State Water Resources Research Insti		3650	76,363	0	
<b>Federal Program 15.805 Total</b>				<b>76,363</b>	<b>0</b>	
15.807	Earthquake Hazards Reduction Program		3600	773,225	0	
15.807			3750	82,962	0	
15.807			3800	42,248	0	
<b>Federal Program 15.807 Total</b>				<b>898,435</b>	<b>0</b>	
15.807A	ARRA - Eartquake Hazards Reduction Program		3600	(391)	0	
<b>Federal Program 15.807A Total</b>				<b>(391)</b>	<b>0</b>	
15.808	U.S. Geological Survey_ Research and Data Collecti		3600	401,612	29,075	
15.808			3650	138,627	0	
15.808			3700	35,640	0	
15.808			3750	3,584	0	
15.808			4610	98,070	0	
15.808			4770	11,006	0	
<b>Federal Program 15.808 Total</b>				<b>688,539</b>	<b>29,075</b>	
15.812	Cooperative Research Units Program		3600	397,232	0	
<b>Federal Program 15.812 Total</b>				<b>397,232</b>	<b>0</b>	
<b>U.S. Geological Survey Total</b>				<b>2,060,178</b>	<b>29,075</b>	
15.945	Cooperative Research & Training Pgrom Resources Na		3600	365,567	0	
15.945			3650	72,780	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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**Research and Development**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.945	Cooperative Research & Training Pgram Resources Na		3750	20,480		0
15.945			3800	269,568		0
<b>Federal Program 15.945 Total</b>				<b>728,395</b>		<b>0</b>
<b>National Park Service Total</b>				<b>728,395</b>		<b>0</b>
<b>Dept of the Interior Total</b>				<b>3,256,218</b>		<b>61,410</b>

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 Justice**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
16.560	National Institute of Justice Research, Evaluation		3600	267,129	75,459	
16.560		PRIME2013VACX0007AM01	3600	8,800	0	PT
16.560		UW BUD# 664830	3600	8,704	0	PT
16.560		4972WSUNIJ0055	3650	1,860	0	PT
<b>Federal Program 16.560 Total</b>				<b>286,493</b>	<b>75,459</b>	
<b>National Institute of Justice Total</b>				<b>286,493</b>	<b>75,459</b>	
<b>Dept of Justice Total</b>				<b>286,493</b>	<b>75,459</b>	

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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**Research and Development**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.109	Air Transportation Centers of Excellence		3600	320,435	0	
20.109			3650	100,267	0	
<b>Federal Program 20.109 Total</b>				<b>420,702</b>	<b>0</b>	
<b>Federal Aviation Administration (Faa) Total</b>				<b>420,702</b>	<b>0</b>	
20.200	Highway Research and Development Program		3650	56,678	30,537	
20.200			3700	256,573	0	
<b>Federal Program 20.200 Total</b>				<b>313,251</b>	<b>30,537</b>	
<b>Federal Highway Administration (Fhwa) Total</b>				<b>313,251</b>	<b>30,537</b>	
20.514	Public Transportation Research		4050	56,239	56,239	
<b>Federal Program 20.514 Total</b>				<b>56,239</b>	<b>56,239</b>	
<b>Federal Transit Administration (Fta) Total</b>				<b>56,239</b>	<b>56,239</b>	
20.761	Biobased Transportation Research	T0013GA	3650	20,129	0	PT
<b>Federal Program 20.761 Total</b>				<b>20,129</b>	<b>0</b>	
<b>Federal Motor Carrier Safety Administration Total</b>				<b>20,129</b>	<b>0</b>	
<b>Dept of Transportation Total</b>				<b>810,321</b>	<b>86,776</b>	

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**

**National Aeronautics & Space Admin**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
43.003	Exploration		3600	548	0	
<b>Federal Program 43.003 Total</b>				<b>548</b>	<b>0</b>	
43.009	Cross Agency Support		3600	256,787	47,711	
43.009		1305058Z1 AM02	3600	74,001	0	PT
<b>Federal Program 43.009 Total</b>				<b>330,788</b>	<b>47,711</b>	
<b>National Aeronautic &amp; Space Administration Total</b>				<b>331,336</b>	<b>47,711</b>	
<b>National Aeronautics &amp; Space Admin Total</b>				<b>331,336</b>	<b>47,711</b>	

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**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.041	Engineering Grants		3600	11,295,306	1,477,372	
47.041		0190 G SA465	3600	37,258		0 PT
47.041		02-S150242	3600	3,740		0 PT
47.041		205-01	3600	14,599		0 PT
47.041		3002732486	3600	34,784		0 PT
47.041		44771-7473 AM22	3600	197,419		0 PT
47.041		44771-7473 AM24	3600	1,588,331		0 PT
47.041		44771-7473 AM27	3600	1,202,412		0 PT
47.041		EEC-1445076	3600	19,217		0 PT
47.041		IIP-1127360	3600	20,096		0 PT
47.041		NEES-4101-31868 AM15	3600	37,205		0 PT
47.041		NSF1330459-SUB1 AM01	3600	57,062		0 PT
47.041		R3D381 AM03	3600	359,303		0 PT
47.041		UTA14-000587	3600	43,686		0 PT
47.041		UW BUD# 663543	3600	41,413		0 PT
47.041		UW OSP #A85946	3600	22,404		0 PT
47.041		W000684659	3600	1,572		0 PT
47.041			3650	2,640,561	321,503	
47.041		120889001	3650	63,808		0 PT
47.041		410151649	3650	44,560		0 PT
47.041		WSU002184	3650	6,295		0 PT
47.041			3800	16,418		0
47.041		260118A	6990	14,662		0 PT
<b>Federal Program 47.041 Total</b>				<b>17,762,111</b>	<b>1,798,875</b>	
47.049	Mathematical and Physical Sciences		3600	15,943,854	2,807,579	
47.049		00008651	3600	37,230		0 PT
47.049		202054 AM02	3600	63,513		0 PT
47.049		97000012AGS1239348MOD0	3600	53,396		0 PT
47.049		C14D11736(D01999)AM01	3600	473,437		0 PT
47.049		C44009L AM09	3600	65,703		0 PT
47.049		C44036L AM06	3600	90,389		0 PT
47.049		C44051L AM04	3600	144,362		0 PT
47.049		C44068L AM04	3600	21,212		0 PT
47.049		CHECK # 2551227	3600	1,655		0 PT
47.049		N51948C	3600	740,765		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**

**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
47.049	Mathematical and Physical Sciences	PHY-1219444	3600	2,560	0	PT
47.049		RC104177UW	3600	25,210	0	PT
47.049		S0183165AM02	3600	(28,433)	0	PT
47.049		SUB00008789PRIMEDMR131	3600	3,436	0	PT
47.049		T082877FORMERLYS880653	3600	(9,822)	0	PT
47.049			3650	2,768,251	174,427	
47.049		AMK869SB001	3650	78,498	0	PT
47.049			3700	73,033	0	
47.049		DMS-1345499	3700	5,000	0	PT
47.049			3750	151,872	55,364	
47.049		NSF#PHY0808790	3750	18,512	0	PT
47.049			3800	1,149,050	0	
<b>Federal Program 47.049 Total</b>				<b>21,872,683</b>	<b>3,037,370</b>	
47.050	Geosciences		3600	19,456,122	754,105	
47.050		07-UWA-SAGE AM02	3600	25,827	0	PT
47.050		12053604 AM01	3600	2,346	0	PT
47.050		14-NSF-1031 AM01	3600	111,543	0	PT
47.050		14386AM03PRNSF1338810	3600	52,889	0	PT
47.050		201224982-01 AM01	3600	43,254	0	PT
47.050		208991B AM05	3600	25,971	0	PT
47.050		340038-55900 MOD02	3600	65,700	0	PT
47.050		4 (GG002456) AM09	3600	33,663	0	PT
47.050		5-37111 AM01	3600	12,488	0	PT
47.050		55591530	3600	38,689	0	PT
47.050		59691543	3600	73,895	0	PT
47.050		G-3624-12AM04	3600	66,744	0	PT
47.050		GSTCN0106S6-UW AM07	3600	61,715	0	PT
47.050		OCE-1155379-001	3600	8,176	0	PT
47.050		OCE-1260403-002	3600	10,708	0	PT
47.050		P.O. T344A85 MOD01	3600	7,452	0	PT
47.050		RB701-G1 AM01	3600	24,822	0	PT
47.050		S1576A-A	3600	5,926	0	PT
47.050		SA 9-09	3600	24,425,789	0	PT
47.050		SA 9-09 MOD 12	3600	767,086	0	PT
47.050		SA 9-09 MOD 45	3600	1,235,452	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**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.050	Geosciences	SA 9-09 MOD 5	3600	4,186,948	0	PT
47.050		SA 9-09 MOD 50	3600	723,736	0	PT
47.050		SUB0000005	3600	873,291	0	PT
47.050		T344B85 MOD02	3600	8,729	0	PT
47.050		T354A85	3600	5,951	0	PT
47.050		Z15-13632	3600	29,872	0	PT
47.050			3650	747,358	9,737	
47.050		3002608135	3650	789	0	PT
47.050		C000235246	3650	8,895	0	PT
47.050			3750	772,178	0	
47.050		S10-EAR1261833-S2, EAR	3750	124,451	0	PT
47.050			3800	584,272	0	
47.050		FP33389	3800	13,617	0	PT
47.050		T350A77/BA-77	3800	16,392	0	PT
<b>Federal Program 47.050 Total</b>				<b>54,652,736</b>	<b>763,842</b>	
47.070	Computer and Information Science and Engineering		3600	13,477,435	300,588	
47.070		1549807 MOD03	3600	130,387	0	PT
47.070		340051-55900	3600	75,600	0	PT
47.070		58007-9069 AM05	3600	203,058	0	PT
47.070		60167194-106431-A	3600	12,273	0	PT
47.070		60167194-106431-A AM01	3600	120,399	0	PT
47.070		68874	3600	55,334	0	PT
47.070		POSTDOC002	3600	170,936	0	PT
47.070		RA978-G8	3600	5,001	0	PT
47.070		SP0027430-PROJ0007182	3600	85,852	0	PT
47.070			3650	1,293,412	20,933	
47.070		0000013311	3650	37,220	0	PT
47.070		15-203230-00-00	3800	16,003	0	PT
47.070		207391C	3800	16,572	0	PT
<b>Federal Program 47.070 Total</b>				<b>15,699,482</b>	<b>321,521</b>	
47.074	Biological Sciences		3600	5,681,665	90,277	
47.074		14-02	3600	40,200	0	PT
47.074		2014.0001 AM01	3600	105,029	0	PT
47.074		5-37598 AM01	3600	52,035	0	PT
47.074		61-2075UW AM03	3600	60,733	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**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.074	Biological Sciences	61-2075UW AM05	3600	70,590	0	PT
47.074		61-2075UW AM06	3600	131,175	0	PT
47.074		61-2075UW AM09	3600	64,245	0	PT
47.074		61-2075UW AM10	3600	288,941	0	PT
47.074		63655-9675 AM02	3600	3,681	0	PT
47.074		A91030	3600	16,353	0	PT
47.074		S1713A-A	3600	3,254	0	PT
47.074			3650	4,885,889	1,032,335	
47.074		"Z370805	3650	10,104	0	PT
47.074		602479191	3650	1,968	0	PT
47.074			3750	6,533	0	
47.074		FY2011-099, I0S0951254	3750	15,337	0	PT
47.074			3760	68,527	0	
47.074			3800	800,905	0	
47.074			6990	39,424	0	
<b>Federal Program 47.074 Total</b>				<b>12,346,588</b>	<b>1,122,612</b>	
47.075	Social, Behavioral, and Economic Sciences		3600	4,498,864	1,262,249	
47.075		13007301A01PO000134381	3600	7,649	0	PT
47.075		31-177622SA-01 MOD1	3600	49,120	0	PT
47.075		DG13-28	3600	19,396	0	PT
47.075		PO 10321094-003	3600	32,234	0	PT
47.075			3650	428,866	0	
47.075			3750	11,309	0	
47.075			3800	32,160	0	
<b>Federal Program 47.075 Total</b>				<b>5,079,598</b>	<b>1,262,249</b>	
47.076	Education and Human Resources		3600	16,002,263	1,123,551	
47.076		201ERV282 AM01	3600	22,664	0	PT
47.076		2327-013631 AM01	3600	94,790	0	PT
47.076		4769-UW-NSF-6204 AM01	3600	4,701	0	PT
47.076		527631-004 AM06	3600	2,317	0	PT
47.076		FY11.455.001_AMD04_UWA	3600	890	0	PT
47.076		FY15455002HRD1432406	3600	16,767	0	PT
47.076		MUSC13-081 AM02	3600	11,970	0	PT
47.076		NSF DRL-1223730	3600	56,866	0	PT
47.076		RC101209UW AM03	3600	80,016	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**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.076	Education and Human Resources	S-DRL-1224135-UW1 AM01	3600	76,649	0	PT
47.076		S-DUE-1238253-UW1 AM03	3600	362,773	0	PT
47.076		S1666A-A	3600	8,237	0	PT
47.076		UR ACCT#5-23450 AM03	3600	42,096	0	PT
47.076			3650	3,350,075	298,726	
47.076		201202Q	3650	13,486	0	PT
47.076		3558WSUNSF3747	3650	15,037	0	PT
47.076		667378	3650	7	0	PT
47.076		NSFATEDUE1002931	3650	46,923	0	PT
47.076		RC101209WSU	3650	70,947	0	PT
47.076		WSU002562	3650	596	0	PT
47.076			3700	325,979	0	
47.076			3750	381,583	0	
47.076		DUE1125331	3750	19,311	0	PT
47.076			3760	188,076	0	
47.076		RA10026223	3760	8,135	0	PT
47.076			3800	1,294,541	22,255	
47.076		NEXTGEN STEM TP-WA	3800	12,829	0	PT
47.076		NONE	3800	5,400	0	PT
47.076			6990	4,329,458	0	
47.076		11052-015	6990	53,928	0	PT
47.076		21213-4	6990	1,488	0	PT
47.076		677551	6990	24,073	0	PT
47.076		DUE 1304405	6990	28,524	0	PT
47.076		DUE-12505107	6990	17,009	0	PT
47.076		DUE-1304892	6990	37,816	0	PT
47.076		NSF#1118679	6990	9,995	9,995	PT
<b>Federal Program 47.076 Total</b>				<b>27,018,215</b>	<b>1,454,527</b>	
47.078	Polar Programs		3600	3,100,224	9,744	
47.078		FY2011-025-M5 MOD06	3600	241,766	0	PT
47.078		D001872701	3650	2,512	0	PT
47.078			3750	72,588	0	
47.078			3800	52,327	0	
<b>Federal Program 47.078 Total</b>				<b>3,469,417</b>	<b>9,744</b>	
47.079	International Science and Engineering (Oise)		3600	33,028	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**National Science Foundation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
47.079	International Science and Engineering (Oise)	RUG1-7084-PA-13	3600	14,889	0	PT
47.079		S1315A-C AM05	3600	92,845	0	PT
47.079			3650	117,936	0	
47.079			3750	23,801	0	
<b>Federal Program 47.079 Total</b>				<b>282,499</b>	<b>0</b>	
47.080	Office of Cyberinfrastructure		3600	538,765	0	
47.080		2010-07196-04 AM04	3600	3,581	0	PT
47.080		2010-07196-04 AM05	3600	158,809	0	PT
47.080			6990	914,137	0	
<b>Federal Program 47.080 Total</b>				<b>1,615,292</b>	<b>0</b>	
47.082	ARRA - Trans-Nsf Recovery Act Research Supp		3600	296,328	0	
47.082			3650	948,482	0	
47.082			3800	87,758	0	
<b>Federal Program 47.082 Total</b>				<b>1,332,568</b>	<b>0</b>	
<b>National Science Foundation Total</b>				<b>161,131,189</b>	<b>9,770,740</b>	
<b>National Science Foundation Total</b>				<b>161,131,189</b>	<b>9,770,740</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.034	Surveys, Studies, Research, Investigations, Demons	UW BUD# 674745	3600	604	0	PT
66.034			3650	19,461	0	
66.034			4610	836,005	180,428	
<b>Federal Program 66.034 Total</b>				<b>856,070</b>	<b>180,428</b>	
<b>Office of Air and Radiation Total</b>				<b>856,070</b>	<b>180,428</b>	
66.509	Science to Achieve Results (Star) Research Program		3600	4,942,820	1,589,712	
66.509		UW BUD# 666526	3600	66,249	0	PT
66.509		68F1088313	3650	46,892	0	PT
66.509		G58681	3650	45,462	0	PT
<b>Federal Program 66.509 Total</b>				<b>5,101,423</b>	<b>1,589,712</b>	
66.514	Science to Achieve Results (Star) Fellowship Progr		3600	29,016	0	
66.514			3650	34,139	0	
<b>Federal Program 66.514 Total</b>				<b>63,155</b>	<b>0</b>	
<b>Office of Research and Development Total</b>				<b>5,164,578</b>	<b>1,589,712</b>	
<b>Environmental Protection Agency Total</b>				<b>6,020,648</b>	<b>1,770,140</b>	

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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**Research and Development**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.049	Office of Science Financial Assistance		3600	16,365,797	739,320	
81.049		00001890 MOD04	3600	30,018		0 PT
81.049		0190GQB351 AM01	3600	41,991		0 PT
81.049		124328	3600	197,860		0 PT
81.049		2003-07059-05 AM02	3600	119,552		0 PT
81.049		20030705905AM01A6929	3600	30,193		0 PT
81.049		2013.0005	3600	28,848		0 PT
81.049		44978 AM003	3600	102,213		0 PT
81.049		503018 MOD04	3600	2,773		0 PT
81.049		63761AM04DESC0009806	3600	11,642		0 PT
81.049		95248	3600	21,090		0 PT
81.049		96339	3600	3,496		0 PT
81.049		A004527504	3600	90,606		0 PT
81.049		C00034442-1 AM01	3600	46,701		0 PT
81.049		G140-15-W5072	3600	147,217		0 PT
81.049			3650	2,738,815	98,152	
81.049		10154	3650	289		0 PT
81.049		23009-WS	3650	290,396		0 PT
81.049		740058874P	3650	136,277		0 PT
81.049		A003127004	3650	144,067		0 PT
81.049		DDPSC21017WS	3650	388,990		0 PT
81.049		WSU002685	3650	18,528		0 PT
81.049		0190 G MA598	3700	14,535		0 PT
<b>Federal Program 81.049 Total</b>				<b>20,971,894</b>	<b>837,472</b>	
81.049A	ARRA - Office of Science Financial Assistance	124328	3600	204,588		0 PT
81.049A		Y551851 AMEND 6	3600	17,199		0 PT
<b>Federal Program 81.049A Total</b>				<b>221,787</b>	<b>0</b>	
<b>Headquarters Office Total</b>				<b>21,193,681</b>	<b>837,472</b>	
81.057	University Coal Research		3600	123,653	26,300	
<b>Federal Program 81.057 Total</b>				<b>123,653</b>	<b>26,300</b>	
<b>Office of Fossil Energy Total</b>				<b>123,653</b>	<b>26,300</b>	
81.086	Conservation Research and Development	TCS65292	3600	55,281		0 PT
81.086		20110140IAA	3650	(246)		0 PT
81.086		1997-004-00 #68052	3700	21,354		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**

*For the Year Ended  
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(Expressed in whole dollars)*

**Research and Development**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
81.086	Conservation Research and Development	2007-246-00 #68608	3700	17,112	0	PT
<b>Federal Program 81.086 Total</b>				<b>93,501</b>	<b>0</b>	
81.087	Renewable Energy Research and Development		3600	704,061	140,850	
81.087		60213273-51077-K AM05	3600	208,593	0	PT
81.087		60213274-51077-L AM05	3600	37,600	0	PT
81.087		CA-14004	3600	121,036	0	PT
81.087		CA-14004 AM01	3600	96,945	0	PT
81.087		G0107A-A AM07	3600	81,478	0	PT
81.087		G0107A-A AM08	3600	8,661	0	PT
81.087		G0107A-A AM09	3600	92,206	0	PT
81.087		G0107K-A AM02	3600	166,182	0	PT
81.087		G0128A-A AM03	3600	25,981	0	PT
81.087		G0139A-A AM01	3600	38,273	0	PT
81.087		G0152A-B	3600	80,014	0	PT
81.087		MA140025	3600	23,318	0	PT
81.087		MA140025 MOD01	3600	62,331	0	PT
81.087		PO# 0007101424	3600	127,313	0	PT
81.087		Z13-13583 MOD03	3600	43,826	0	PT
81.087			3650	172,752	0	
81.087		WSU002046	3650	262,225	0	PT
81.087			4900	117,180	0	
81.087		DE-EE0002850	4900	12,000	0	PT
<b>Federal Program 81.087 Total</b>				<b>2,481,975</b>	<b>140,850</b>	
<b>Energy Efficiency and Renewable Energy Total</b>				<b>2,575,476</b>	<b>140,850</b>	
81.089	Fossil Energy Research and Development		3600	313,222	0	
81.089		424K340 UW	3600	52,030	0	PT
81.089		G12912W3521	3650	80,288	0	PT
<b>Federal Program 81.089 Total</b>				<b>445,540</b>	<b>0</b>	
<b>Office of Fossil Energy Total</b>				<b>445,540</b>	<b>0</b>	
81.104	Office of Environmental Waste Processing		6990	634,892	0	
<b>Federal Program 81.104 Total</b>				<b>634,892</b>	<b>0</b>	
<b>Office of Bilingual Education and Minority Language Total</b>				<b>634,892</b>	<b>0</b>	
81.113	Defense Nuclear Nonproliferation Research		3650	300,521	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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Energy**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
<b>Federal Program 81.113 Total</b>				<b>300,521</b>	<b>0</b>	
<b>National Nuclear Security Administration Total</b>				<b>300,521</b>	<b>0</b>	
81.135	Adv Research & Projects Agency		3600	1,805,731	730,094	
81.135		3002985435	3600	423,018	0	PT
81.135		12006903B00	3650	99,082	0	PT
81.135		653029807	3650	182,711	0	PT
<b>Federal Program 81.135 Total</b>				<b>2,510,542</b>	<b>730,094</b>	
<b>Electricity Delivery &amp; Energy Reliab 1000 Total</b>				<b>2,510,542</b>	<b>730,094</b>	
81.214	Environmental Monitoring/Cleanup Cultural Rsrc Mgt		2450	664,592	314,554	
81.214			4610	2,755,621	33,280	
<b>Federal Program 81.214 Total</b>				<b>3,420,213</b>	<b>347,834</b>	
<b>Savannah River Operations Office Total</b>				<b>3,420,213</b>	<b>347,834</b>	
<b>Dept of Energy Total</b>				<b>31,204,518</b>	<b>2,082,550</b>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.022	Overseas Programs - Doctoral Dissertation Research		3600	85,433	0	
<b>Federal Program 84.022 Total</b>				<b>85,433</b>	<b>0</b>	
<b>Office of Postsecondary Education Total</b>				<b>85,433</b>	<b>0</b>	
84.133	National Institute on Disability and Rehabilitatio		3600	2,893,346	260,340	
84.133		80831	3600	1,141	0	PT
84.133		H133A120037 MOD02	3600	10,279	0	PT
<b>Federal Program 84.133 Total</b>				<b>2,904,766</b>	<b>260,340</b>	
<b>Office of Special Education and Rehabilitative Ser Total</b>				<b>2,904,766</b>	<b>260,340</b>	
84.220	Centers for International Business Education		3600	207,844	0	
<b>Federal Program 84.220 Total</b>				<b>207,844</b>	<b>0</b>	
<b>Office of Postsecondary Education Total</b>				<b>207,844</b>	<b>0</b>	
84.305	Education Research, Development and Dissemination		3600	858,900	0	
84.305		01105-03230 MOD02	3600	120,870	0	PT
84.305			3650	478,013	151,621	
84.305		618101104345	3650	95,471	0	PT
<b>Federal Program 84.305 Total</b>				<b>1,553,254</b>	<b>151,621</b>	
<b>Office of Educational Research and Improvement Total</b>				<b>1,553,254</b>	<b>151,621</b>	
84.324	Research In Special Education	3048108226-12-338 AM04	3600	4,367	0	PT
84.324		RS20110522-10	3600	52	0	PT
84.324		RS20110522-13	3600	379,684	0	PT
84.324		RS20120590-05	3600	33	0	PT
84.324		RS20120590-09	3600	277,041	0	PT
84.324		UFDSP00010173 AM03	3600	13,811	0	PT
<b>Federal Program 84.324 Total</b>				<b>674,988</b>	<b>0</b>	
<b>Office of Special Education and Rehabilitative Ser Total</b>				<b>674,988</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>5,426,285</b>	<b>411,961</b>	

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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**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	269,452	59,187	
93.061		UW BUD# 669281	3600	24,279	0	PT
<b>Federal Program 93.061 Total</b>				<b>293,731</b>	<b>59,187</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>293,731</b>	<b>59,187</b>	
93.103	Food and Drug Administration_research		3600	210,632	61,470	
93.103		416209-G	3600	8,778	0	PT
93.103		416542-G AM01	3600	43,495	0	PT
93.103		0800294706	3650	522	0	PT
<b>Federal Program 93.103 Total</b>				<b>263,427</b>	<b>61,470</b>	
<b>Food and Drug Administration Total</b>				<b>263,427</b>	<b>61,470</b>	
93.113	Environmental Health		3600	9,622,367	180,782	
93.113		00000544 AM04	3600	104,435	0	PT
93.113		00008559AM01POBB004803	3600	9,542	0	PT
93.113		1019929 AM01	3600	175,448	0	PT
93.113		10387 SUB MOD02	3600	46,767	0	PT
93.113		1553 G MC571 AM04	3600	(933)	0	PT
93.113		1553 G MC571 AM05	3600	9,379	0	PT
93.113		2002301818 AM02	3600	361,409	0	PT
93.113		23570.114018 AM05	3600	43,078	0	PT
93.113		54235481	3600	94,264	0	PT
93.113		5R21ES02040402AM02	3600	25,344	0	PT
93.113		TO141096MA75501MOD09	3600	81,580	0	PT
93.113		UW BUD# 667241	3600	(10,212)	0	PT
93.113		WU-15-190	3600	40,792	0	PT
93.113		WU13183MOD4PO2917435WA	3600	65,600	0	PT
93.113		WU15146PO2922838Y	3600	13,039	0	PT
93.113			3650	2,094,943	164,623	
<b>Federal Program 93.113 Total</b>				<b>12,776,842</b>	<b>345,405</b>	
93.121	Oral Diseases and Disorders Research		3600	5,445,360	320,804	
93.121		000412838-013	3600	80,382	0	PT
93.121		10705SUB MOD02	3600	117,186	0	PT
93.121		10776SUB	3600	(101,569)	0	PT
93.121		10826SUB MOD01	3600	5,218	0	PT
93.121		10994SUB	3600	211,621	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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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.121	Oral Diseases and Disorders Research	11136SUBPRIME5R01DE022	3600	3,882	0	PT
93.121		11242SUB	3600	26,561	0	PT
93.121		1350 G SA445 AM01	3600	152,507	0	PT
93.121		416624-G	3600	9,191	0	PT
93.121		43408029 AM01	3600	141,265	0	PT
93.121		5-32965 AM01	3600	5,115	0	PT
93.121		5032965 AM02	3600	62,918	0	PT
93.121		AM 04	3600	77,777	0	PT
93.121		BMC4312AM01R56DE024350	3600	89,486	0	PT
93.121		FY14100801 AM01	3600	859	0	PT
93.121		P001901001AM01	3600	4,844	0	PT
93.121		RES509541	3600	91,780	0	PT
93.121		UWASH023608-2455 AM01	3600	30,425	0	PT
93.121		UWPC-15542	3600	102,670	0	PT
93.121		UWPC-15542-A	3600	195,137	0	PT
<b>Federal Program 93.121 Total</b>				<b>6,752,615</b>	<b>320,804</b>	
<b>National Institutes of Health Total</b>				<b>19,529,457</b>	<b>666,209</b>	
93.135	Centers for Research and Demonstration for Health		3600	2,365,249	366,831	
<b>Federal Program 93.135 Total</b>				<b>2,365,249</b>	<b>366,831</b>	
93.136	Injury Prevention and Control Research and State A		3600	500,050	272,952	
<b>Federal Program 93.136 Total</b>				<b>500,050</b>	<b>272,952</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>2,865,299</b>	<b>639,783</b>	
93.143	Niehs Superfund Hazardous Substances_basic Researc		3600	818,218	274,253	
93.143		00007683AM02P42ES00470	3600	13,633	0	PT
93.143		5R43ES02009903MOD01	3600	9,181	0	PT
<b>Federal Program 93.143 Total</b>				<b>841,032</b>	<b>274,253</b>	
<b>National Institutes of Health Total</b>				<b>841,032</b>	<b>274,253</b>	
93.155	Rural Health Research Centers		3600	720,219	36,668	
93.155		UA9RH26027-02-00	3600	31,946	0	PT
<b>Federal Program 93.155 Total</b>				<b>752,165</b>	<b>36,668</b>	
<b>Health Resources and Services Administration Total</b>				<b>752,165</b>	<b>36,668</b>	
93.172	Human Genome Research		3600	22,031,403	3,291,820	

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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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.172	Human Genome Research	10462SUB MOD04	3600	150,901	0	PT
93.172		2000752483 AM01	3600	(56,254)	0	PT
93.172		20131565175U01HG006375	3600	31,996	0	PT
93.172		2014201550	3600	343,583	0	PT
93.172		2014201721	3600	22,139	0	PT
93.172		2014201725	3600	15,920	0	PT
93.172		4500001599	3600	26,675	0	PT
93.172		5U01HG00637503MOD01	3600	30,261	0	PT
93.172		PRIME1U41HG00749701	3600	120,483	0	PT
93.172		S0183592 AM02	3600	5,430	0	PT
93.172		TBIAM01PRIME5U41HG0074	3600	177,255	0	PT
93.172		UM1HG007292 AM02	3600	449,232	0	PT
93.172		WA00133053RFS2014045AM	3600	11,793	0	PT
93.172		WA00226505RFS2015053AM	3600	149,724	0	PT
93.172		WU-14-330 PO#2923442	3600	51,541	0	PT
93.172		WU-15-193 MOD01	3600	214,708	0	PT
93.172		WU-15-329	3600	103,081	0	PT
<b>Federal Program 93.172 Total</b>				<b>23,879,871</b>	<b>3,291,820</b>	
93.173	Research Related to Deafness and Communication DIS		3600	7,956,857	395,845	
93.173		1004469_UWA	3600	3,764	0	PT
93.173		184791/207424 AM04	3600	9,626	0	PT
93.173		2740-018251	3600	102,174	0	PT
93.173		779671	3600	3,398	0	PT
93.173		SP0011426PROJ0003112AM	3600	47,845	0	PT
93.173			3650	231,798	23,412	
<b>Federal Program 93.173 Total</b>				<b>8,355,462</b>	<b>419,257</b>	
<b>National Institutes of Health Total</b>				<b>32,235,333</b>	<b>3,711,077</b>	
93.186	National Research Service Award In Primary Care Me		3600	321,175	0	
<b>Federal Program 93.186 Total</b>				<b>321,175</b>	<b>0</b>	
<b>Health Resources and Services Administration Total</b>				<b>321,175</b>	<b>0</b>	
93.213	Research and Training In Complementary and Alterna		3600	1,236,460	104,575	
93.213		2014101502 MOD02	3600	25,858	0	PT
93.213		2014158800 MOD02	3600	20,834	0	PT
93.213		H33B11-03 (5)	3600	11,919	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**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.213	Research and Training In Complementary and Alterna	H34B11-01 (4) AM04	3600	288,715	0	PT
93.213			3650	196,519	55,461	
93.213		G12314W4178	3650	77,160	0	PT
93.213			3750	12,113	0	
<b>Federal Program 93.213 Total</b>				<b>1,869,578</b>	<b>160,036</b>	
<b>National Institutes of Health Total</b>				<b>1,869,578</b>	<b>160,036</b>	
93.225	National Research Service Awards_health Services R		3600	373,408	0	
<b>Federal Program 93.225 Total</b>				<b>373,408</b>	<b>0</b>	
93.226	Research on Healthcare Costs, Quality and Outcomes		3600	4,450,525	492,182	
93.226		11123SUB	3600	51,629	0	PT
93.226		2014162855 MOD01	3600	203,381	0	PT
93.226		2014194266	3600	94,756	0	PT
93.226		2015130488	3600	9,627	0	PT
93.226		2015137183	3600	23,484	0	PT
93.226		5-31352 AM05	3600	7,205	0	PT
93.226		60031412 UW A02	3600	48,541	0	PT
93.226		60031412 UW AM01	3600	11,642	0	PT
93.226		AHRQ-001	3600	30,622	0	PT
93.226		FP047367-B AM03	3600	160,808	0	PT
93.226		FP047367-B AM04	3600	8,936	0	PT
93.226		N86441 AM04	3600	47,675	0	PT
93.226		SUBCONTRACT AM06	3600	520,393	0	PT
93.226		T148123 AM02	3600	16,754	0	PT
93.226		WA00141925/RFS2014086	3600	3,129	0	PT
93.226		WA00212183RFS2015015AM	3600	49,699	0	PT
<b>Federal Program 93.226 Total</b>				<b>5,738,806</b>	<b>492,182</b>	
<b>Agency for Health Care Policy and Research Total</b>				<b>6,112,214</b>	<b>492,182</b>	
93.233	National Center on Sleep Disorders Research	108591	3600	8,615	0	PT
93.233		108591 AM01	3600	30,250	0	PT
93.233		20130078701	3650	15,290	0	PT
<b>Federal Program 93.233 Total</b>				<b>54,155</b>	<b>0</b>	
93.242	Mental Health Research Grants		3600	15,880,674	1,023,341	
93.242		0000809660	3600	8,953	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
93.242	Mental Health Research Grants	0000823455	3600	4,284	0	PT
93.242		00021507-1	3600	2,674	0	PT
93.242		0255-6411-4609	3600	1,795	0	PT
93.242		0255-6412-4609 AM01	3600	28,239	0	PT
93.242		10001SUB MOD05	3600	(5)	0	PT
93.242		10728SUB MOD01	3600	20,438	0	PT
93.242		10955SUB	3600	230,303	0	PT
93.242		10955SUB MOD01	3600	134,327	0	PT
93.242		12-NIH-1091 AM04	3600	126,176	0	PT
93.242		14-716-UW	3600	31,194	0	PT
93.242		14030408	3600	121,187	0	PT
93.242		201121762-03	3600	208,379	0	PT
93.242		201121762-03 AM03	3600	1,118,617	0	PT
93.242		201223026-01 AM01	3600	18,407	0	PT
93.242		2014187139 MOD01	3600	48,507	0	PT
93.242		2014199560 MOD01	3600	3,699	0	PT
93.242		2033849PRIME7R01MH0943	3600	44,292	0	PT
93.242		222572 AM01	3600	148,399	0	PT
93.242		2769 AM02	3600	21,183	0	PT
93.242		4R25MH099132-02	3600	14,257	0	PT
93.242		5-33749 AM01	3600	22,462	0	PT
93.242		5R25MH099132-03	3600	76,713	0	PT
93.242		60166636	3600	31,481	0	PT
93.242		7945SC AM01	3600	22,976	0	PT
93.242		8358SC	3600	13,397	0	PT
93.242		JHUPO2001624392MOD02	3600	(428)	0	PT
93.242		T092029 AM01	3600	66,626	0	PT
93.242		T264309 AM02	3600	273,364	0	PT
93.242		TUL-HSC-487-13/14	3600	58,269	0	PT
93.242		TUL-HSC-487-13/14 AM01	3600	292,124	0	PT
93.242		WU-12-281-MOD-5 AM05	3600	69,998	0	PT
93.242			3650	637,840	88,114	
93.242		0000505700	3650	83,458	0	PT
93.242		5R01MH04125625	3650	32,999	0	PT
93.242			3800	54,799	0	

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
<b>Federal Program 93.242 Total</b>				<b>19,952,057</b>	<b>1,111,455</b>	
<b>National Institutes of Health Total</b>				<b>20,006,212</b>	<b>1,111,455</b>	
93.262	Occupational Safety and Health Program		2350	720,102	0	
93.262			3600	5,738,778	1,235,421	
93.262		1935 G PA501 AM02	3600	1,561	0	PT
93.262		500326-78050 MOD02	3600	169,969	0	PT
93.262		R799210	3650	7,578	0	PT
93.262		R867271	3650	6,580	0	PT
93.262		3001-011-02 Amend #1	3700	15,069	0	PT
93.262		3001-612-01	3700	115,832	57,914	PT
<b>Federal Program 93.262 Total</b>				<b>6,775,469</b>	<b>1,293,335</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>6,775,469</b>	<b>1,293,335</b>	
93.271	Alcohol Research Career Development Awards for Sci		3600	(2,901)	0	
93.271			3650	137,110	0	
<b>Federal Program 93.271 Total</b>				<b>134,209</b>	<b>0</b>	
93.272	Alcohol National Research Service Awards for Resea		3600	(831)	0	
<b>Federal Program 93.272 Total</b>				<b>(831)</b>	<b>0</b>	
93.273	Alcohol Research Programs		3600	8,013,862	933,042	
93.273		1002432_UW AM01	3600	30,157	0	PT
93.273		1002432_UW AM02	3600	55,130	0	PT
93.273		11236SUB	3600	1,102	0	PT
93.273		2013165591PR5R01AA0187	3600	2,240	0	PT
93.273		2014187143	3600	11,202	0	PT
93.273		4046 MOD05	3600	25,072	0	PT
93.273		4332-UW-DHHS-2529 AM05	3600	130,872	0	PT
93.273		69951-10233 AM01	3600	39,172	0	PT
93.273		R-12-0031 AM03	3600	4,406	0	PT
93.273		R-12-0031 AM05	3600	72,522	0	PT
93.273			3650	336,617	0	
<b>Federal Program 93.273 Total</b>				<b>8,722,354</b>	<b>933,042</b>	
93.279	Drug Abuse and Addiction Research Programs	B02B20	3000	81,425	0	PT
93.279		B03C0	3000	18,856	0	PT
93.279			3600	13,145,072	1,294,207	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.279	Drug Abuse and Addiction Research Programs	#24215 MOD05	3600	4,784		0 PT
93.279		0000810467	3600	135,919		0 PT
93.279		0039039 (124354-3)	3600	3,580		0 PT
93.279		10030628 AM01	3600	31,951		0 PT
93.279		10796SUB MOD01	3600	15,093		0 PT
93.279		11062SUB	3600	33,802		0 PT
93.279		11062SUB MOD01	3600	2,324		0 PT
93.279		37223 AM03	3600	3,069		0 PT
93.279		3RW19 AMO1	3600	35,388		0 PT
93.279		4457PRIME1R01DA0377680	3600	27,552		0 PT
93.279		559642 AM2	3600	163,685		0 PT
93.279		5R01DA025651 MOD04	3600	141,067		0 PT
93.279		61875882PRIME7P01DA035	3600	61,283		0 PT
93.279		A80120	3600	343		0 PT
93.279		MOD02PRIME5R01DA025651	3600	165,138		0 PT
93.279		MOD03PRIME5R01DA025651	3600	59,084		0 PT
93.279		NWIC# 24214 MOD04	3600	6,558		0 PT
93.279		PO 5-50680 MOD01	3600	151,074		0 PT
93.279		PT103743-SC101985 AM06	3600	115,054		0 PT
93.279		R86202 AM02	3600	21,326		0 PT
93.279		R908941 AM01	3600	21,326		0 PT
93.279		SR00002142 AM03	3600	20,982		0 PT
93.279			3650	1,053,164	353,179	
93.279		13400212645	3650	60,216		0 PT
93.279		R01DA015966	3650	13,530		0 PT
93.279			3800	108,672		0
<b>Federal Program 93.279 Total</b>				<b>15,701,317</b>	<b>1,647,386</b>	
93.281	Mental Health Research Career/Scientist Developmen		3600	(19)		0
<b>Federal Program 93.281 Total</b>				<b>(19)</b>	<b>0</b>	
93.282	Mental Health National Research Service Awards For		3600	36,480		0
93.282		1543	3600	65,806		0 PT
<b>Federal Program 93.282 Total</b>				<b>102,286</b>	<b>0</b>	
<b>National Institutes of Health Total</b>				<b>24,659,316</b>	<b>2,580,428</b>	
93.283	Centers for Disease Control and Prevention_investi	1472014	3600	75,923		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
93.283	Centers for Disease Control and Prevention_investi	1722013	3600	67,322	0	PT
<b>Federal Program 93.283 Total</b>				<b>143,245</b>	<b>0</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>143,245</b>	<b>0</b>	
93.286	Discovery and Applied Research for Technological I		3600	6,459,270	78,440	
93.286		00007673 AM03	3600	125,575	0	PT
93.286		3RD13 AM03	3600	(1,075)	0	PT
93.286		60041595-47512-A AM03	3600	34,050	0	PT
93.286		A78130 AM01	3600	155,131	0	PT
93.286		NIH16510206104CRTAM01	3600	4,501	0	PT
93.286		T087260 AM01	3600	53,357	0	PT
93.286		UW BUD# 666340	3600	(593)	0	PT
93.286		UW OSP #A78020	3600	13,706	0	PT
93.286			3650	492,897	0	
<b>Federal Program 93.286 Total</b>				<b>7,336,819</b>	<b>78,440</b>	
93.307	Minority Health and Health Disparities Research		3600	2,012,871	255,509	
93.307		2014186455	3600	62,850	0	PT
93.307		2015140008	3600	35,325	0	PT
93.307		N004207301	3600	15,319	0	PT
93.307			3650	1,323,144	662,801	
<b>Federal Program 93.307 Total</b>				<b>3,449,509</b>	<b>918,310</b>	
93.310	Trans-NIH Research Support		3600	4,982,333	577,368	
93.310		1 UH2 TR 000966-01	3600	131,054	0	PT
93.310		2013163266	3600	1,592	0	PT
93.310		203-3161 AM01	3600	3,934	0	PT
93.310		3003130741 AM01	3600	6,728	0	PT
93.310		5610221-5500000695	3600	217,642	0	PT
93.310		M15A11842 (A10137)	3600	60,984	0	PT
93.310		PRIME #5R24TW008907-04	3600	11,299	0	PT
93.310		PRIME 5R24TW008907-05	3600	91,878	0	PT
<b>Federal Program 93.310 Total</b>				<b>5,507,444</b>	<b>577,368</b>	
93.333	Health & Human Services Dept	SCF2013-087	3600	17,130	0	PT
<b>Federal Program 93.333 Total</b>				<b>17,130</b>	<b>0</b>	
93.350	National Cntr for Advancing Translational Sciences		3600	14,648,846	2,581,045	

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
93.350	National Cntr for Advancing Translational Sciences	UW BUD# 631729	3600	14,621	0	PT
<b>Federal Program 93.350 Total</b>				<b>14,663,467</b>	<b>2,581,045</b>	
93.351	Research Infrastructure Programs		3600	21,022,296	108,445	
93.351		14-007879-A01 AM02	3600	92,112	0	PT
93.351		T085692	3600	(3,690)	0	PT
93.351		T248414 AM01	3600	238,730	0	PT
93.351			3650	303,725	16,069	
<b>Federal Program 93.351 Total</b>				<b>21,653,173</b>	<b>124,514</b>	
93.361	Nursing Research		3600	3,123,782	372,899	
93.361		10171SUB MOD05	3600	37,720	0	PT
93.361		1215007 AM05	3600	77,101	0	PT
93.361		20001433044 AM03	3600	10,580	0	PT
93.361		203-8769	3600	1,854	0	PT
93.361		217966 AM04	3600	25,736	0	PT
93.361		5600848534 AM02	3600	36,557	0	PT
93.361		C00043419-2 AM01	3600	18,387	0	PT
93.361			3800	12,931	0	
<b>Federal Program 93.361 Total</b>				<b>3,344,648</b>	<b>372,899</b>	
93.389	National Center for Research Resources		3600	589,074	12,783	
93.389			3650	109,076	0	
<b>Federal Program 93.389 Total</b>				<b>698,150</b>	<b>12,783</b>	
93.393	Cancer Cause and Prevention Research		3600	7,044,481	1,661,337	
93.393		0000765835 AM01	3600	53,111	0	PT
93.393		0000778568 AM01	3600	9,489	0	PT
93.393		0000779798 AM01	3600	1,366	0	PT
93.393		0000784792	3600	9,218	0	PT
93.393		0000784935 AM02	3600	2,096,416	0	PT
93.393		0000785650PR5U01CA1633	3600	12,900	0	PT
93.393		0000785702	3600	5,396	0	PT
93.393		0000785703	3600	5,429	0	PT
93.393		0000788266	3600	6,387	0	PT
93.393		0000788393	3600	10,402	0	PT
93.393		0000790580 AM03	3600	34,356	0	PT
93.393		0000792971	3600	7,282	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.393	Cancer Cause and Prevention Research	0000807983	3600	15,201	0	PT
93.393		0000810728	3600	27,279	0	PT
93.393		0000813160	3600	48,984	0	PT
93.393		00008134355U01CA163304	3600	28,663	0	PT
93.393		0000813441	3600	56,892	0	PT
93.393		0000813573	3600	22,604	0	PT
93.393		0000813737	3600	26,506	0	PT
93.393		0000813739	3600	48,209	0	PT
93.393		0000813871	3600	11,854	0	PT
93.393		00008267711R21CA187401	3600	12,346	0	PT
93.393		000508050-006	3600	4,707	0	PT
93.393		000813459	3600	25,867	0	PT
93.393		08JDEAR-01-UW AM07	3600	(2)	0	PT
93.393		11042SUB	3600	83,367	0	PT
93.393		115-9341-UW-S1 AM01	3600	4,631	0	PT
93.393		115-9341-UW-S1 AM02	3600	21,040	0	PT
93.393		2015-3204	3600	1,344	0	PT
93.393		217156AM05PRIME5U01CA1	3600	50,532	0	PT
93.393		217156AM06PRIME5U01CA1	3600	128,511	0	PT
93.393		22390.914991.6698 AM01	3600	1	0	PT
93.393		22390.914991.6698 AM03	3600	4,232	0	PT
93.393		785959	3600	46,691	0	PT
93.393		812098	3600	1,389,246	0	PT
93.393		8322SC	3600	6,957	0	PT
93.393		CA154292-04-UW MOD01	3600	124,461	0	PT
93.393		CA15429202UW5P01CA1542	3600	7,519	0	PT
93.393		CA15429203UW5P01CA1542	3600	37,812	0	PT
93.393		PSA-BENKESER-621704	3600	3,635	0	PT
93.393			3650	146,424	0	
93.393		4304626A	3650	12,227	0	PT
93.393		VUMC38944	3650	66,666	0	PT
<b>Federal Program 93.393 Total</b>				<b>11,760,639</b>	<b>1,661,337</b>	
93.394	Cancer Detection and Diagnosis Research		3600	8,521,133	1,561,890	
93.394		0000783794	3600	5,004	0	PT
93.394		0000784994	3600	42,867	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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93.394	Cancer Detection and Diagnosis Research	0000785962	3600	57,882	0	PT
93.394		0000800550	3600	12,800	0	PT
93.394		0000803306 AM01	3600	139,241	0	PT
93.394		0000807899	3600	1,510	0	PT
93.394		0000808609	3600	3,210	0	PT
93.394		0000809258	3600	94,364	0	PT
93.394		0000812247	3600	100,667	0	PT
93.394		0000814856 AM01	3600	20,560	0	PT
93.394		0000819464	3600	65,336	0	PT
93.394		00008195052P01CA091955	3600	12,217	0	PT
93.394		0000822210	3600	4,671	0	PT
93.394		0000828032	3600	52,201	0	PT
93.394		0000829362	3600	3,837	0	PT
93.394		0000831942	3600	13,799	0	PT
93.394		01-335-UW AM03	3600	(4,025)	0	PT
93.394		13121644-03	3600	83,191	0	PT
93.394		1454 AM03	3600	(2,577)	0	PT
93.394		156543	3600	1,329	0	PT
93.394		66102035500000433MOD03	3600	44,660	0	PT
93.394		66102045500000433MOD04	3600	125,209	0	PT
93.394		K000683-00-S01 MOD02	3600	(1,018)	0	PT
93.394		N002338901 AM02	3600	16,913	0	PT
93.394		UWSUB1R43CA16544201A1	3600	10,179	0	PT
93.394		W000420810PO1001081261	3600	176,314	0	PT
93.394		X1301200WASH	3600	14,624	0	PT
93.394			3650	365,345	203,117	
<b>Federal Program 93.394 Total</b>				<b>9,981,443</b>	<b>1,765,007</b>	
93.395	Cancer Treatment Research		3600	3,553,793	735,293	
93.395		0000755851 AM02	3600	57,063	0	PT
93.395		00007781171	3600	2,633	0	PT
93.395		0000779672	3600	567	0	PT
93.395		0000781167	3600	19,350	0	PT
93.395		0000781168	3600	766	0	PT
93.395		0000781170	3600	13,006	0	PT
93.395		0000785646	3600	195,568	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**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.395	Cancer Treatment Research	0000791010 AM01	3600	46,426	0	PT
93.395		0000796556	3600	28,912	0	PT
93.395		0000800487 AM01	3600	55,225	0	PT
93.395		0000805860	3600	35,311	0	PT
93.395		0000809212	3600	6,428	0	PT
93.395		0000809694	3600	42,834	0	PT
93.395		0000810455	3600	58,118	0	PT
93.395		0000811335	3600	251,452	0	PT
93.395		0000811336	3600	7,761	0	PT
93.395		0000811341	3600	4,652	0	PT
93.395		0000811343	3600	24,491	0	PT
93.395		0000811368	3600	13,167	0	PT
93.395		00008127675U01CA154967	3600	1,030,529	0	PT
93.395		0000815540	3600	87,318	0	PT
93.395		0000816866	3600	11,126	0	PT
93.395		0000821535	3600	18,717	0	PT
93.395		0000821555	3600	2,926	0	PT
93.395		0000822384	3600	35,389	0	PT
93.395		0000826175	3600	25,328	0	PT
93.395		0000831752	3600	11,459	0	PT
93.395		1004041_UW	3600	23,438	0	PT
93.395		1667	3600	51,999	0	PT
93.395		2 P01 CA 029605 AM07	3600	9,359	0	PT
93.395		2013-001	3600	11,552	0	PT
93.395		2014-001	3600	36,968	0	PT
93.395		2014.0008	3600	35,013	0	PT
93.395		63987962	3600	18,702	0	PT
93.395		9009627UWAAM015U10CA18	3600	23,610	0	PT
93.395		9009627UWAU10CA180888	3600	71,857	0	PT
93.395		9500010213 AM01	3600	37,680	0	PT
93.395		9500080215-05C	3600	13,139	0	PT
93.395		FP17296SUB0101PO961249	3600	180,945	0	PT
93.395		FP18225_SUB02_01	3600	495,723	0	PT
93.395		PO 15868 G NA643	3600	11,619	0	PT
93.395		U OF WASH - YR 1	3600	6,998	0	PT
93.395		U10CA180820-01-WASH1	3600	11,469	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.395	Cancer Treatment Research	U10CA180820-01-WASH2	3600	50,000	0	PT
93.395		U10CA180820-01-WASH3	3600	10,000	0	PT
93.395		UW BUD# 669216	3600	66,444	0	PT
93.395		UW OSP #A102568	3600	75,386	0	PT
93.395		UWASH - NCORP-01	3600	23,626	0	PT
93.395			3650	665,947	212,311	
<b>Federal Program 93.395 Total</b>				<b>7,571,789</b>	<b>947,604</b>	
93.396	Cancer Biology Research		3600	2,787,481	407,647	
93.396		0000790544 AM001	3600	49,671	0	PT
93.396		0000798536	3600	12,796	0	PT
93.396		0000829763	3600	5,596	0	PT
93.396		01026706	3600	(15)	0	PT
93.396		01026710	3600	(502)	0	PT
93.396		01027363 AM01	3600	270,838	0	PT
93.396		01027367 AM01	3600	297,691	0	PT
93.396		66102125500000403MOD03	3600	10,622	0	PT
93.396		UWCMNIH10402251AM02	3600	59,413	0	PT
<b>Federal Program 93.396 Total</b>				<b>3,493,591</b>	<b>407,647</b>	
93.397	Cancer Centers Support Grants		3600	624,810	111,959	
93.397		0000770570 AM02	3600	33,069	0	PT
93.397		0000770571 AM02	3600	1,335	0	PT
93.397		0000770789 AM03	3600	18,634	0	PT
93.397		0000771804 AM02	3600	1,525	0	PT
93.397		0000777585 AM01	3600	29,834	0	PT
93.397		0000780785 AM02	3600	81,538	0	PT
93.397		0000781026 AM02	3600	13,696	0	PT
93.397		0000782689 AM01	3600	15,477	0	PT
93.397		0000782877 AM02	3600	1,350	0	PT
93.397		0000782902	3600	9,060	0	PT
93.397		0000783707 AM01	3600	22,665	0	PT
93.397		0000784473	3600	25,204	0	PT
93.397		0000784730	3600	8,624	0	PT
93.397		0000785417	3600	4,040	0	PT
93.397		0000785418	3600	2,461	0	PT
93.397		0000785420PR2P50CA9718	3600	23,793	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.397	Cancer Centers Support Grants	00007854232P50CA097186	3600	55,019	0	PT
93.397		0000785456	3600	16,307	0	PT
93.397		0000799686 AM01	3600	42,823	0	PT
93.397		0000799687 AM01	3600	12,957	0	PT
93.397		0000799688 AM01	3600	76,088	0	PT
93.397		0000799689 AM01	3600	61,704	0	PT
93.397		0000799690 AM02	3600	90,497	0	PT
93.397		0000799691 AM01	3600	35,454	0	PT
93.397		0000799692 AM01	3600	28,221	0	PT
93.397		00007996945P30CA015704	3600	14,902	0	PT
93.397		0000799752 AM02	3600	61,728	0	PT
93.397		0000799753 AM02	3600	83,179	0	PT
93.397		0000799870 AM01	3600	2,736	0	PT
93.397		0000799871 AM01	3600	25,225	0	PT
93.397		0000799921	3600	27,780	0	PT
93.397		0000799948 AM01	3600	961	0	PT
93.397		0000799950 AM01	3600	469	0	PT
93.397		0000800228 AM01	3600	7,073	0	PT
93.397		0000800272	3600	5,575	0	PT
93.397		00008002775P30CA015704	3600	8,770	0	PT
93.397		0000812308	3600	79,063	0	PT
93.397		0000812312	3600	22,346	0	PT
93.397		0000812422	3600	103,184	0	PT
93.397		0000812768 AM01	3600	225,185	0	PT
93.397		00008128045P30CA157043	3600	28,217	0	PT
93.397		00008132205P50CA138293	3600	108,809	0	PT
93.397		00008133665P50CA138293	3600	86,906	0	PT
93.397		00008133975P50CA138293	3600	55,245	0	PT
93.397		0000813931	3600	7,384	0	PT
93.397		0000813993	3600	9,722	0	PT
93.397		0000817089	3600	1,769	0	PT
93.397		0000817090	3600	2,603	0	PT
93.397		0000822968	3600	4,896	0	PT
93.397		00008239835P50CA097186	3600	39,644	0	PT
93.397		0000826423 AM01	3600	7,592	0	PT
93.397		0000826436	3600	3,202	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

For the Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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
93.397	Cancer Centers Support Grants	0000826437	3600	9,448	0	PT
93.397		00008264385P50CA097186	3600	3,886	0	PT
93.397		0000826854	3600	27,786	0	PT
93.397		0000826864	3600	55,240	0	PT
93.397		0000826886	3600	60,398	0	PT
93.397		0000826897	3600	86,737	0	PT
93.397		0000826898	3600	16,404	0	PT
93.397		0000826900	3600	65,101	0	PT
93.397		00008269032P30CA015704	3600	21,261	0	PT
93.397		00008269082P30CA015704	3600	11,687	0	PT
93.397		0000827210	3600	20,472	0	PT
93.397		0000827536 AM01	3600	116,896	0	PT
93.397		0000830357	3600	364	0	PT
93.397		0000830360	3600	4,392	0	PT
93.397		0000830370	3600	1,075	0	PT
93.397		0000830372	3600	9,093	0	PT
93.397		0000830375	3600	3,765	0	PT
93.397		000830355	3600	7,997	0	PT
93.397		150904	3600	14,713	0	PT
93.397		5U54CA14215705UWASHAM0	3600	10,497	0	PT
93.397		PO# 63851294	3600	8,790	0	PT
93.397		SUBAWARD 0000675055	3600	(35,400)	0	PT
<b>Federal Program 93.397 Total</b>				<b>2,880,952</b>	<b>111,959</b>	
93.398	Cancer Research Manpower		3600	3,796,204	99,373	
<b>Federal Program 93.398 Total</b>				<b>3,796,204</b>	<b>99,373</b>	
93.399	Cancer Control		3600	1,436,044	745,358	
93.399		0000782043 AM01	3600	(1)	0	PT
93.399		0000785419	3600	32,376	0	PT
93.399		0000804602	3600	70,346	0	PT
93.399		0000804602 AM01	3600	1,630	0	PT
93.399		0000804676	3600	23,821	0	PT
93.399		0000804677 AM01	3600	62,373	0	PT
93.399		3002149613 AM04	3600	3,965	0	PT
93.399		3002149613 AM05	3600	72,882	0	PT
93.399		UW-YR28 AM02	3600	2,736	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**

*For the Year Ended  
June 30, 2015  
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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
<b>Federal Program 93.399 Total</b>				<b>1,706,172</b>	<b>745,358</b>	
<b>National Institutes of Health Total</b>				<b>97,861,130</b>	<b>10,403,644</b>	
93.508	Affordable Care Act Tribal Maternal, infant & Early	A71880 MOD04	3600	34,185	0	PT
<b>Federal Program 93.508 Total</b>				<b>34,185</b>	<b>0</b>	
93.564	Child Support Enforcement Research		3000	730,108	0	
<b>Federal Program 93.564 Total</b>				<b>730,108</b>	<b>0</b>	
<b>Administration for Children and Families Total</b>				<b>764,293</b>	<b>0</b>	
93.610	Health Care Innovation Awards (Hcía)	01-0113-UWAIMS AM02	3600	188,875	0	PT
<b>Federal Program 93.610 Total</b>				<b>188,875</b>	<b>0</b>	
<b>Centers for Medicare and Medicaid Services Total</b>				<b>188,875</b>	<b>0</b>	
93.647	Social Services Research and Demonstration		3600	179,336	0	
<b>Federal Program 93.647 Total</b>				<b>179,336</b>	<b>0</b>	
<b>Administration for Children and Families Total</b>				<b>179,336</b>	<b>0</b>	
93.701	ARRA - Trans-NIH Research Support		3600	(420)	0	
93.701		13XS153ST01	3600	11,125	0	PT
93.701		325011.300001.80180	3600	(4,599)	0	PT
93.701		CRB-DCR01-09-00291	3600	2	0	PT
93.701		VUMC35940AMENDMENTNO1	3600	(12,382)	0	PT
93.701			3650	(445)	0	
<b>Federal Program 93.701 Total</b>				<b>(6,719)</b>	<b>0</b>	
<b>National Institutes of Health Total</b>				<b>(6,719)</b>	<b>0</b>	
93.728	ARRA Strategic Health Advanced Res Proj	2010-03958-09	3600	12,422	0	PT
<b>Federal Program 93.728 Total</b>				<b>12,422</b>	<b>0</b>	
<b>Office of the Secretary Total</b>				<b>12,422</b>	<b>0</b>	
93.837	Cardiovascular Diseases Research		3600	40,919,669	15,142,436	
93.837		0000779804PR5U01HL0999	3600	(2,676)	0	PT
93.837		0000786066	3600	(2,354)	0	PT
93.837		0000802102	3600	150,872	0	PT
93.837		0000833600	3600	23,354	0	PT
93.837		000501008-001 AM01	3600	343,954	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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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.837	Cardiovascular Diseases Research	000505311-001	3600	122,581	0	PT
93.837		0008215A AM03	3600	50,171	0	PT
93.837		0031974 (124618-1)	3600	38,967	0	PT
93.837		0255-7511-4609	3600	27,831	0	PT
93.837		0255-7855-4609	3600	122,746	0	PT
93.837		0255-7865-4609 AM01	3600	1,709	0	PT
93.837		1005000-UW	3600	20,589	0	PT
93.837		1005000-UW AM01	3600	4,367	0	PT
93.837		10575 PO# SR00003368	3600	45,003	0	PT
93.837		10588 PO# SR00003371	3600	7,000	0	PT
93.837		105963 AM07	3600	157,661	0	PT
93.837		10693SUB MOD02	3600	52,982	0	PT
93.837		114149.5061569.0007	3600	274	0	PT
93.837		12_8044_UW_14	3600	729,900	0	PT
93.837		14-210740-00-01 AM02	3600	59,184	0	PT
93.837		1407093655U34HL1150150	3600	10,437	0	PT
93.837		201222606-01 AM03	3600	29,977	0	PT
93.837		2014193674	3600	52,833	0	PT
93.837		24225SUB50868 AM04	3600	67,466	0	PT
93.837		28557SUB51628	3600	52,725	0	PT
93.837		2R44HL08357803A2SUB1MO	3600	(113)	0	PT
93.837		3001290982 AM05	3600	8,068	0	PT
93.837		3001598618 AM05	3600	26,605	0	PT
93.837		3003106193	3600	35,133	0	PT
93.837		3003106193 AM01	3600	6,200	0	PT
93.837		4-0756	3600	90,711	0	PT
93.837		4-0756, AM01	3600	25,112	0	PT
93.837		561102PRIMESU01HL10040	3600	(3,097)	0	PT
93.837		563424 AM01	3600	168,896	0	PT
93.837		5R01HL09455504AM09	3600	54,281	0	PT
93.837		5U01HL08970906SICR06	3600	48,759	0	PT
93.837		60029331 UW AMO2	3600	(1)	0	PT
93.837		60029331 UW AO3	3600	18,093	0	PT
93.837		69768-10333 AM01	3600	44,022	0	PT
93.837		7738SC AM02	3600	342,348	0	PT
93.837		9332 AM01	3600	2,400	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**

*For the Year Ended  
June 30, 2015  
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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.837	Cardiovascular Diseases Research	ABMEN0080-UWAM02	3600	(35,106)		0 PT
93.837		HH4023	3600	60,201		0 PT
93.837		M13A11482A08800AM02	3600	63,485		0 PT
93.837		M13A11482A08800AM03	3600	25,207		0 PT
93.837		M14A11708A09355AM01	3600	74,021		0 PT
93.837		M14A11810(A09626) AM01	3600	101,322		0 PT
93.837		MUSC14-019 AMO1	3600	17,013		0 PT
93.837		NHL243-01 AM02	3600	141,464		0 PT
93.837		P001435606 AM04	3600	4,309		0 PT
93.837		P663626609 AM01	3600	19,278		0 PT
93.837		PO#1001197016	3600	298,748		0 PT
93.837		PS#224978	3600	7		0 PT
93.837		QR852023 AM03	3600	(114)		0 PT
93.837		RES508904	3600	32,484		0 PT
93.837		RS20122296-04	3600	(1,973)		0 PT
93.837		RS20122296-04A2 AM02	3600	83,772		0 PT
93.837		T088768 AM04	3600	102,853		0 PT
93.837		WFUHS 113865 AM05	3600	11,944		0 PT
93.837		WFUHS114064WASHINGTONA	3600	5,811		0 PT
93.837		WU-14-236	3600	68,357		0 PT
93.837		WU-15-258 AM01	3600	51,470		0 PT
93.837			3650	467,704	184,731	
<b>Federal Program 93.837 Total</b>				<b>45,546,896</b>	<b>15,327,167</b>	
93.838	Lung Diseases Research		3600	5,402,200	930,910	
93.838		0000758955	3600	58,605		0 PT
93.838		0000758955 AM02	3600	38,044		0 PT
93.838		0000760233 AM04	3600	9,363		0 PT
93.838		1 (GG007619)	3600	62,347		0 PT
93.838		1090409-334683 MOD01	3600	275,122		0 PT
93.838		112127.5048790 AM2	3600	72,771		0 PT
93.838		2001502917 AM04	3600	28,911		0 PT
93.838		2032352 AM02	3600	99,921		0 PT
93.838		3 (GG007619-02)	3600	47,153		0 PT
93.838		4(GG004022-03)	3600	17,898		0 PT
93.838		49854772	3600	99,108		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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June 30, 2015  
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**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.838	Lung Diseases Research	6020SC AM05	3600	(314)	0	PT
93.838		6020SC AM06	3600	232	0	PT
93.838		8 (GG006750-02) AM02	3600	31,582	0	PT
93.838		FY13199001	3600	(4)	0	PT
93.838		FY14199001	3600	107,438	0	PT
93.838		FY14199301	3600	117,840	0	PT
93.838		HL67939, AM04	3600	10,846	0	PT
93.838		IN-4687706UW	3600	3,304	0	PT
93.838		IN-4687706UW AM01	3600	35,858	0	PT
93.838		IN4687728WU1R56HL12504	3600	66,544	0	PT
93.838		TO140660MOD07MASTER243	3600	409,533	0	PT
93.838		UW BUD# 634090	3600	(1,210)	0	PT
93.838		60035511WSU	3650	54,448	0	PT
<b>Federal Program 93.838 Total</b>				<b>7,047,540</b>	<b>930,910</b>	
93.839	Blood Diseases and Resources Research		3600	5,046,354	926,081	
93.839		0000765226 AM02	3600	77,633	0	PT
93.839		0000791419 AM01	3600	206,729	0	PT
93.839		0000805140 AM01	3600	87,262	0	PT
93.839		0000808695	3600	9,442	0	PT
93.839		0000835309	3600	32,851	0	PT
93.839		000502659-001	3600	2,612	0	PT
93.839		000502659-001 AM01	3600	2,902	0	PT
93.839		10628SUB MOD04	3600	83,313	0	PT
93.839		10938SUB MOD1	3600	144,445	0	PT
93.839		802-UW-2013 AM01	3600	27,721	0	PT
93.839		832074PRIME1R01HL12658	3600	6,795	0	PT
<b>Federal Program 93.839 Total</b>				<b>5,728,059</b>	<b>926,081</b>	
93.846	Arthritis, Musculoskeletal and Skin Diseases Resea		3600	8,038,332	1,225,283	
93.846		UW BUD# 669777	3600	200	0	PT
93.846			3650	803,340	289,750	
<b>Federal Program 93.846 Total</b>				<b>8,841,872</b>	<b>1,515,033</b>	
93.847	Diabetes Digestive Kidney Disease Extra		3600	22,532,315	2,436,387	
93.847		0000790720	3600	38,083	0	PT
93.847		0000790720 AM01	3600	62,440	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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June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.847	Diabetes Digestive Kidney Disease Extra	0000796543	3600	1,063	0	PT
93.847		00008131555R24DK099808	3600	270,691	0	PT
93.847		0008705 (124278-1)	3600	424,482	0	PT
93.847		00087051229401AM01	3600	(1,863)	0	PT
93.847		0012368 121764-1	3600	180	0	PT
93.847		001236812340701AM01	3600	210,633	0	PT
93.847		0255-7481-4609	3600	62,007	0	PT
93.847		10019509-04 AM03	3600	(21,914)	0	PT
93.847		10019509-04 AM05	3600	99,055	0	PT
93.847		1004965_UWA	3600	21,054	0	PT
93.847		1004965_UWA_MARCOVINA	3600	2,634	0	PT
93.847		102021025	3600	9,069	0	PT
93.847		10662SUB MOD04	3600	2,796	0	PT
93.847		109748 AM02	3600	20,348	0	PT
93.847		109748 AM03	3600	52,795	0	PT
93.847		11-1041Z02C AM03	3600	19,627	0	PT
93.847		11096SUB	3600	113,166	0	PT
93.847		11097SUB	3600	5,556	0	PT
93.847		11107SUB	3600	703,242	0	PT
93.847		111345	3600	7,009	0	PT
93.847		12-D17 AM05	3600	12,671	0	PT
93.847		12-D18 AM11	3600	1,010,826	0	PT
93.847		1553GPC5391DP3DK094311	3600	56,311	0	PT
93.847		1987203-15	3600	66,603	0	PT
93.847		1987203-15 AM01	3600	227,294	0	PT
93.847		223192 AM02	3600	37,061	0	PT
93.847		224804	3600	47,335	0	PT
93.847		25034-52 AM01	3600	28,227	0	PT
93.847		2503433PR5U24DK0761690	3600	46,019	0	PT
93.847		25732423U24DK07616908S	3600	1,889	0	PT
93.847		3001343695AM07U54DK083	3600	2,598	0	PT
93.847		320928 AM1	3600	1,423	0	PT
93.847		3209285R01DK08521203	3600	5,942	0	PT
93.847		38947675 AM002	3600	370,582	0	PT
93.847		41-114-1	3600	4,945	0	PT
93.847		5-33426 AM01	3600	5,705	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.847	Diabetes Digestive Kidney Disease Extra	5-33711	3600	18,057	0	PT
93.847		5007632-SERV AM03	3600	8,882	0	PT
93.847		5033574 AM02	3600	8,559	0	PT
93.847		5034378 AM01	3600	8,414	0	PT
93.847		564083 AM01	3600	674	0	PT
93.847		600100 C.01 AM01	3600	12,350	0	PT
93.847		6119-1144-00-AD MOD06	3600	1,103	0	PT
93.847		6119-1144-00-AD MOD07	3600	83,721	0	PT
93.847		6119-1276-00-AM	3600	4,338	0	PT
93.847		6119-1276-00-AM MOD01	3600	17,600	0	PT
93.847		6119-1295-00-AD	3600	83,581	0	PT
93.847		8002SC AM01	3600	152,300	0	PT
93.847		8263	3600	6,456	0	PT
93.847		8379SC	3600	4,225	0	PT
93.847		85285270X0813200MOD05	3600	108,657	0	PT
93.847		8786-01-310844	3600	254,962	0	PT
93.847		A92614	3600	40,005	0	PT
93.847		FY13106102	3600	678	0	PT
93.847		FY13197801	3600	2,450	0	PT
93.847		FY13197802	3600	1,435	0	PT
93.847		FY14106101	3600	28,772	0	PT
93.847		FY14190701 A01	3600	2,150	0	PT
93.847		FY151978015R01DK087696	3600	45,899	0	PT
93.847		GMO-111131 AM03	3600	56,386	0	PT
93.847		GMO111131 AM02	3600	13,569	0	PT
93.847		KS141-UW-2	3600	974	0	PT
93.847		KS141-UW-3	3600	468,919	0	PT
93.847		N001447101 AM01	3600	1,874	0	PT
93.847		N002174701	3600	977	0	PT
93.847		OICB111041Z02B	3600	53,368	0	PT
93.847		RES508324	3600	2,209	0	PT
93.847		RES508618 AM01	3600	86	0	PT
93.847		RES508618 AM02	3600	1,746	0	PT
93.847		RES5092695U01DK0941570	3600	301,463	0	PT
93.847		RES509454	3600	7,250	0	PT
93.847		S-DPP1415-JB02	3600	330,248	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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 Kidney Disease Extra	S-DPP1516-JB02	3600	162,088	0	PT
93.847		SUB-520	3600	42,854	0	PT
93.847		UW BUD# 668640	3600	148,406	0	PT
93.847		UW BUD# 800823	3600	500	0	PT
93.847		VUMC 42466	3600	40,423	0	PT
93.847		VUMC42466 AM01	3600	167,561	0	PT
93.847		W000521196PO1001229975	3600	2,834	0	PT
93.847		W000649521PO1001385931	3600	22,492	0	PT
93.847		WFUHS 118224 AMO1	3600	32,905	0	PT
93.847		WFUHS 118225	3600	122,718	0	PT
93.847		WU-15-112	3600	37,839	0	PT
93.847		WU11198PO2911630PMOD06	3600	2,008	0	PT
93.847			3650	1,727,202	0	
93.847		NIDDK20110001	3650	46,583	0	PT
93.847			3750	24,038	0	
<b>Federal Program 93.847 Total</b>				<b>31,274,687</b>	<b>2,436,387</b>	
93.848	Health & Human Services Dept		3600	96,980	0	
93.848		PRIME 5 R44 DK 068936	3600	51,188	0	PT
<b>Federal Program 93.848 Total</b>				<b>148,168</b>	<b>0</b>	
93.849	Health & Human Services Dept		3600	(2,986)	0	
93.849		IUPUI4682197 U WA	3600	9,842	0	PT
93.849		IUPUI4682197UWASH AM06	3600	66,824	0	PT
<b>Federal Program 93.849 Total</b>				<b>73,680</b>	<b>0</b>	
93.853	Extramural Research Programs In the Neurosciences		3600	21,698,388	2,662,989	
93.853		0000770105	3600	4	0	PT
93.853		0000798271	3600	127,453	0	PT
93.853		0010073A	3600	34,405	0	PT
93.853		0030451 (123192-3)	3600	17,643	0	PT
93.853		0030451(124923) AM02	3600	39,571	0	PT
93.853		01027587 AM02	3600	9,153	0	PT
93.853		0255-6612-4609 AM01	3600	230,940	0	PT
93.853		0255661146091U01NS0866	3600	262,178	0	PT
93.853		100104PORGC0000000128A	3600	42,029	0	PT
93.853		10316345-003	3600	7,821	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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June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.853	Extramural Research Programs In the Neurosciences	10316345-004	3600	33,283	0	PT
93.853		115-9241-01 AM01	3600	1,175	0	PT
93.853		115-9241-01 AM02	3600	10,883	0	PT
93.853		203-3334	3600	1,049	0	PT
93.853		203-3676 AM01	3600	42,698	0	PT
93.853		2033881 AM02	3600	6,798	0	PT
93.853		60026665 UW AM03	3600	(1,093)	0	PT
93.853		60030115 UW AM04	3600	182,600	0	PT
93.853		6495SC AM05	3600	(8,675)	0	PT
93.853		6495SC AM06	3600	19,327	0	PT
93.853		7150SC AM02	3600	2,363	0	PT
93.853		7891SC	3600	56,397	0	PT
93.853		7891SC AM01	3600	363,893	0	PT
93.853		9008346_UWHMC AM02	3600	18,284	0	PT
93.853		9008715_HMC AM02	3600	841	0	PT
93.853		AAIRC0023A AM04	3600	41,342	0	PT
93.853		H38B11-01 AM03	3600	55,369	0	PT
93.853		N001257301 AM03	3600	2,432	0	PT
93.853		NS044163-UNIV OF WA	3600	(220)	0	PT
93.853		NS044163UNIVOFWAAM02	3600	71,261	0	PT
93.853		P0033442	3600	42,803	0	PT
93.853		SUB0000037	3600	157,836	0	PT
93.853		SUBAWARD NO. 04	3600	29,132	0	PT
93.853		T091872 AM02	3600	(998)	0	PT
93.853		T234837 AMO1	3600	41,402	0	PT
93.853		T270085 AM03	3600	37,337	0	PT
93.853		UW #60026665 AM04	3600	45,842	0	PT
93.853		W000429843	3600	1,781	0	PT
93.853			3650	695,994	162,612	
<b>Federal Program 93.853 Total</b>				<b>24,420,721</b>	<b>2,825,601</b>	
93.855	Allergy, Immunology and Transplantation Research		3600	61,782,508	11,291,131	
93.855		0000751832 AM01	3600	71,134	0	PT
93.855		0000769700	3600	(1,569)	0	PT
93.855		0000783907	3600	(21)	0	PT
93.855		0000783989	3600	14,538	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	0000784336	3600	75,982	0	PT
93.855		0000784337	3600	(1)	0	PT
93.855		0000784339 AM01	3600	(28,379)	0	PT
93.855		0000784341	3600	(2)	0	PT
93.855		0000784932	3600	8,493	0	PT
93.855		0000785341	3600	2,115	0	PT
93.855		0000786672	3600	23,865	0	PT
93.855		0000788686 AM01	3600	45,371	0	PT
93.855		0000791198	3600	563,993	0	PT
93.855		0000791231 AM01	3600	4,609	0	PT
93.855		0000791232	3600	132,013	0	PT
93.855		0000791284	3600	262,997	0	PT
93.855		0000791355	3600	33,585	0	PT
93.855		0000791569 AM01	3600	73,890	0	PT
93.855		0000791572 AM01	3600	67,300	0	PT
93.855		0000791700 AM01	3600	200,002	0	PT
93.855		0000796178	3600	19,253	0	PT
93.855		0000796748	3600	75,335	0	PT
93.855		0000797859	3600	144,693	0	PT
93.855		0000798456	3600	167,193	0	PT
93.855		0000800330	3600	40,754	0	PT
93.855		0000800331	3600	282,706	0	PT
93.855		0000800332	3600	664,913	0	PT
93.855		0000800547 AM01	3600	8,083	0	PT
93.855		0000804485	3600	444,621	0	PT
93.855		0000806449	3600	949,806	0	PT
93.855		0000806470	3600	321,084	0	PT
93.855		0000806490	3600	254,725	0	PT
93.855		0000807214	3600	7,272	0	PT
93.855		0000807902	3600	280,933	0	PT
93.855		00008086115R01AI076105	3600	52,119	0	PT
93.855		0000809035	3600	26,482	0	PT
93.855		0000809500	3600	21,212	0	PT
93.855		0000809531	3600	40,300	0	PT
93.855		0000812018	3600	38,387	0	PT
93.855		0000812279	3600	200,181	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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(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	0000813156	3600	261,321	0	PT
93.855		0000814754	3600	20,533	0	PT
93.855		0000815762	3600	80,121	0	PT
93.855		0000818299	3600	10,182	0	PT
93.855		0000818720	3600	290,646	0	PT
93.855		0000819229	3600	108,190	0	PT
93.855		0000819236	3600	67,927	0	PT
93.855		0000819238	3600	259,883	0	PT
93.855		0000819240	3600	5,629	0	PT
93.855		0000819382	3600	5,733	0	PT
93.855		0000819438	3600	54,243	0	PT
93.855		0000820484	3600	199,170	0	PT
93.855		0000820485	3600	270,015	0	PT
93.855		0000820929	3600	423,963	0	PT
93.855		0000821515	3600	97,477	0	PT
93.855		0000821971	3600	576,665	0	PT
93.855		0000829587	3600	55,077	0	PT
93.855		0000829992	3600	144,663	0	PT
93.855		000397076-012 AM03	3600	18,063	0	PT
93.855		000397076-012 AM04	3600	121,116	0	PT
93.855		000397076-012 AM06	3600	675,185	0	PT
93.855		000421524-002 AM03	3600	201,963	0	PT
93.855		000504515-SP0001-002	3600	16,374	0	PT
93.855		0010255 (123113-1)	3600	(1,939)	0	PT
93.855		1 (GG008377)	3600	586,393	0	PT
93.855		1 (GG008377-12)	3600	263,985	0	PT
93.855		101981164	3600	49,317	0	PT
93.855		10330SUB MOD04	3600	85,733	0	PT
93.855		10590SUB MOD02	3600	292,480	0	PT
93.855		10888SUB MOD02	3600	17,270	0	PT
93.855		10913SUB MOD1	3600	(25,838)	0	PT
93.855		109668-5066267	3600	23,596	0	PT
93.855		109668-5066267 AM01	3600	11,842	0	PT
93.855		10972SUB	3600	41,306	0	PT
93.855		10972SUB MOD01	3600	4,406	0	PT
93.855		109927	3600	211,661	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	109927 MOD01	3600	139,839	0	PT
93.855		109930	3600	166,190	0	PT
93.855		109930 MOD01	3600	119,038	0	PT
93.855		10995SUB MOD01	3600	47,187	0	PT
93.855		10995SUB MOD03	3600	155,230	0	PT
93.855		110007 AM02	3600	15,833	0	PT
93.855		110007 AM03	3600	20,209	0	PT
93.855		110009 AM02	3600	3,577	0	PT
93.855		110014	3600	11,466	0	PT
93.855		110208 MOD02	3600	117,438	0	PT
93.855		110238	3600	16,939	0	PT
93.855		110238 AM1	3600	10,835	0	PT
93.855		110305	3600	51,776	0	PT
93.855		110668	3600	89,992	0	PT
93.855		110668 MOD01	3600	160,069	0	PT
93.855		11070SUB MOD01	3600	152,216	0	PT
93.855		11110SUB MOD01	3600	2,017	0	PT
93.855		11122SUB	3600	346,539	0	PT
93.855		111670	3600	85,670	0	PT
93.855		11229SUB	3600	3,645	0	PT
93.855		14020168AM015R21AI1002	3600	11,535	0	PT
93.855		16010	3600	23,298	0	PT
93.855		171K765 AM05	3600	6,224	0	PT
93.855		18907	3600	7,741	0	PT
93.855		191675W AM03	3600	(5,007)	0	PT
93.855		1U01AI11552001UWASHING	3600	29,409	0	PT
93.855		2001317198 MOD06	3600	69,650	0	PT
93.855		2001317198 MOD07	3600	482,786	0	PT
93.855		2002078835 AM01	3600	64,333	0	PT
93.855		2002078835 AM02	3600	17,913	0	PT
93.855		2002131141 MOD01	3600	71	0	PT
93.855		2002131144	3600	26,432	0	PT
93.855		2002150083	3600	4,976	0	PT
93.855		201223949-01 AM02	3600	268,706	0	PT
93.855		201223949-01 AM03	3600	15,756	0	PT
93.855		22206046C AM02	3600	105,742	0	PT

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	23570-114063 AM04	3600	23,649	0	PT
93.855		31057M AM01	3600	29,133	0	PT
93.855		31084M	3600	27,633	0	PT
93.855		3470 MOD03	3600	46,448	0	PT
93.855		4642 AM01	3600	249,081	0	PT
93.855		490K066 AM02	3600	18,130	0	PT
93.855		5-33047 AM01	3600	(258)	0	PT
93.855		5-33047 AM02	3600	340,492	0	PT
93.855		5-33051 AM01	3600	12,227	0	PT
93.855		5-33051 AM02	3600	806,833	0	PT
93.855		5-33053 AM01	3600	16,397	0	PT
93.855		5-33053 AM02	3600	172,722	0	PT
93.855		5-33571	3600	71,653	0	PT
93.855		578K071, 561K212	3600	56,875	0	PT
93.855		60036897 AM02	3600	102,161	0	PT
93.855		717-7121089UW	3600	71,192	0	PT
93.855		7364SC AM01	3600	5,941	0	PT
93.855		7828SC	3600	45,520	0	PT
93.855		7828SC AM01	3600	87,850	0	PT
93.855		8124 MOD04	3600	351,402	0	PT
93.855		8169	3600	35,527	0	PT
93.855		9243 AM01	3600	(10,509)	0	PT
93.855		9277 AM01	3600	192,927	0	PT
93.855		9323	3600	666,991	0	PT
93.855		9331	3600	228,070	0	PT
93.855		971/0080.0173 AM05	3600	27,932	0	PT
93.855		AM02	3600	49,135	0	PT
93.855		FP000518	3600	21,637	0	PT
93.855		FY11284002FY14284001AM	3600	43,487	0	PT
93.855		FY14109803	3600	54,448	0	PT
93.855		FY14ITN052	3600	8,265	0	PT
93.855		FY14ITN052 AM01	3600	283	0	PT
93.855		FY15.284.002 AMD4	3600	154,427	0	PT
93.855		GMO-130301 AM02	3600	96,212	0	PT
93.855		GMO130301PO386AM01	3600	150,301	0	PT
93.855		H004614601	3600	1,420	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.855	Allergy, Immunology and Transplantation Research	IN-4689724-UW AM05	3600	60,476	0	PT
93.855		PO# 14-267 AM01	3600	75,308	0	PT
93.855		PO#2002131144	3600	21,323	0	PT
93.855		RES509563	3600	20,637	0	PT
93.855		SP0007967PROJ0002212AM	3600	140,515	0	PT
93.855		SP0026886-PROJ0007064	3600	91,474	0	PT
93.855		SP0026886PROJ0007064AM	3600	116,687	0	PT
93.855		SUL1847-02 AM01	3600	161,796	0	PT
93.855		TONHP031	3600	14,346	0	PT
93.855		UW BUD# 662823	3600	86,731	0	PT
93.855		UW BUD# 668060	3600	18,280	0	PT
93.855		UW BUD# 668898	3600	24,773	0	PT
93.855		UW BUD# 669188	3600	2,394	0	PT
93.855		UW BUD# 669902	3600	55,995	0	PT
93.855		UW-15517-A AM01	3600	9,230	0	PT
93.855		UWPC-15517-A AMO1	3600	15,321	0	PT
93.855		WA00123686RFS2014033AM	3600	29,501	0	PT
93.855			3650	2,042,419	47,743	
93.855		10685SUB	3650	36,193	0	PT
<b>Federal Program 93.855 Total</b>				<b>83,021,129</b>	<b>11,338,874</b>	
93.856	Microbiology and Infectious Diseases Research		3600	(5,517)	0	
<b>Federal Program 93.856 Total</b>				<b>(5,517)</b>	<b>0</b>	
93.859	Biomedical Research and Research Training		3600	34,432,851	2,604,368	
93.859		0000806995	3600	83,602	0	PT
93.859		0000810078	3600	7,314	0	PT
93.859		0000811097	3600	21,181	0	PT
93.859		0000815002	3600	28,079	0	PT
93.859		0000815017	3600	17,370	0	PT
93.859		0244-04 AM02	3600	36,219	0	PT
93.859		102053365	3600	12,994	0	PT
93.859		10318834-002	3600	47,488	0	PT
93.859		10318834-004	3600	95,803	0	PT
93.859		114041-5026836 AM02	3600	32,990	0	PT
93.859		1552041/ 0513.04.0804B	3600	315,849	0	PT
93.859		1552042 0513.04.0804B	3600	156,928	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.859	Biomedical Research and Research Training	2015.0001	3600	12,037	0	PT
93.859		3002786134 AM02	3600	53,201	0	PT
93.859		3002887843 AM02	3600	173,396	0	PT
93.859		3003101111	3600	108,238	0	PT
93.859		3003101111 AM01	3600	103,577	0	PT
93.859		31524J	3600	(70)	0	PT
93.859		31537J AM04	3600	83,190	0	PT
93.859		48299071 AM01	3600	62,774	0	PT
93.859		5-33659	3600	5	0	PT
93.859		5-33659 AM01	3600	65,961	0	PT
93.859		C15A11965 (A09991)	3600	31,656	0	PT
93.859		JCVI14001MOD01R01GM095	3600	69,503	0	PT
93.859		PO-037192	3600	6,538	0	PT
93.859		PRIME 1R44GM113438-01	3600	33,243	0	PT
93.859		R960652	3600	18,411	0	PT
93.859		S51110000020434 AM01	3600	8,812	0	PT
93.859		UFDSP00010190 AM02	3600	302,112	0	PT
93.859		UW BUD# 667056	3600	250,672	0	PT
93.859		WATKINS RNA	3600	6,538	0	PT
93.859			3650	2,586,773	178,798	
93.859		WU11306	3650	74,958	0	PT
93.859			3700	1,772	0	
93.859		00080194 Sub#UF09051	3700	5,914	0	PT
93.859			3800	148,307	0	
93.859		681978	6990	42,199	0	PT
<b>Federal Program 93.859 Total</b>				<b>39,538,385</b>	<b>2,783,166</b>	
93.865	Child Health and Human Development Extramural Rese		3600	21,875,869	3,092,282	
93.865		0000783262 AM02	3600	90,288	0	PT
93.865		0000783376 AM01	3600	144,172	0	PT
93.865		0000783376PR5P01HD0649	3600	21,895	0	PT
93.865		0000783378	3600	40,479	0	PT
93.865		0000783378 AM01	3600	71,944	0	PT
93.865		0000796248 AM02	3600	149,732	0	PT
93.865		0000796350 AM01	3600	75,789	0	PT
93.865		0000796350 AM02	3600	127,099	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.865	Child Health and Human Development Extramural Rese	0000796353 AM02	3600	110,454	0	PT
93.865		0000798538 AM02	3600	38,968	0	PT
93.865		0019692 (120794-6)	3600	(1,496)	0	PT
93.865		0019692 (124457-5)	3600	213,066	0	PT
93.865		0024922 (125803-5)	3600	38,178	0	PT
93.865		00249221242217AM01	3600	67,881	0	PT
93.865		10-0002 AM04	3600	163,757	0	PT
93.865		10255SUB MOD04	3600	31,231	0	PT
93.865		10286SUB MOD05	3600	59,553	0	PT
93.865		10478SUB MOD04	3600	68,662	0	PT
93.865		10479SUB MOD04	3600	29,885	0	PT
93.865		10893SUB	3600	18,568	0	PT
93.865		10893SUB MOD01	3600	974	0	PT
93.865		10988SUB	3600	25,397	0	PT
93.865		114119-5060443 AM01	3600	661	0	PT
93.865		114119-5060443 AM02	3600	7,274	0	PT
93.865		1215 G JB215 AM06	3600	24,385	0	PT
93.865		1304745K12HD00085029RE	3600	1,106	0	PT
93.865		1920 G RA131 AM01	3600	47,075	0	PT
93.865		2001894994 AMD 2	3600	17,358	0	PT
93.865		2001894994PR5U54HD0707	3600	5,341	0	PT
93.865		2014162854	3600	34,895	0	PT
93.865		3003294837	3600	46,182	0	PT
93.865		5-33193 AM01	3600	(6,500)	0	PT
93.865		5-33193 AM03	3600	(37,752)	0	PT
93.865		5-33193 AM04	3600	222,683	0	PT
93.865		533193AM022R01HD055741	3600	(47,649)	0	PT
93.865		533193AM02PR5R01HD0557	3600	(24,374)	0	PT
93.865		5600716840 AM02	3600	(2,831)	0	PT
93.865		5600716840 AM03	3600	249,146	0	PT
93.865		5R01HD006140003MOD01	3600	31,958	0	PT
93.865		60032241 UW AM03	3600	3,775	0	PT
93.865		60032241 UW AM05	3600	81,282	0	PT
93.865		60499579-47273 AM02	3600	15,233	0	PT
93.865		7023 AM02	3600	38,687	0	PT
93.865		7810SC AM01	3600	61,623	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**

*For the Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**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	83884PR2R01HD03996111A	3600	33,336		0 PT
93.865		8703SC	3600	20,490		0 PT
93.865		ACCT 66619X AM05	3600	13,254		0 PT
93.865		F7432-02AM02	3600	102,246		0 PT
93.865		RC103679UW AM01	3600	29,605		0 PT
93.865		S-MFM1314-JB13	3600	25,093		0 PT
93.865		S-MFM1415-JB13	3600	10,780		0 PT
93.865		U10HD057753 AM05	3600	35,605		0 PT
93.865		UW 803235A MOD06	3600	30,643		0 PT
93.865		UW BUD# 667346	3600	121,950		0 PT
93.865		UW BUD# 667936	3600	22,271		0 PT
93.865		UW BUD# 668148	3600	53,373		0 PT
93.865			3650	3,033,396	290,275	
93.865		1163405497759	3650	18,972		0 PT
93.865		14007799C00	3650	6,984		0 PT
93.865		5600653614	3650	84,949		0 PT
93.865		9003418005WSU	3650	(965)		0 PT
93.865			3800	87,167		0
<b>Federal Program 93.865 Total</b>				<b>27,961,052</b>	<b>3,382,557</b>	
93.866	Aging Research		3600	19,813,984	3,090,306	
93.866		0000783776 AM01	3600	52,045		0 PT
93.866		0012200 122381-6 AM03	3600	222,843		0 PT
93.866		1536 AM05	3600	10,578		0 PT
93.866		1540 AM02	3600	65,580		0 PT
93.866		2012116175 MOD02	3600	8,949		0 PT
93.866		2013156516	3600	7,416		0 PT
93.866		2014-3038 AM01	3600	7,331		0 PT
93.866		2014134622 MOD02	3600	107,880		0 PT
93.866		3002473402 AM03	3600	508,892		0 PT
93.866		310102 AM04	3600	15,767		0 PT
93.866		31594A	3600	6,840		0 PT
93.866		4500001378 AM01	3600	62,590		0 PT
93.866		4500001590	3600	59,605		0 PT
93.866		5005011SERVAM035R01AGO	3600	164,324		0 PT
93.866		5079924 /116519	3600	7,622		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

For the Year Ended  
 June 30, 2015  
 (Expressed in whole dollars)

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	541K575	3600	28,402	0	PT
93.866		563259	3600	52,462	0	PT
93.866		60766183-113156	3600	22,106	0	PT
93.866		6155-1030-00-A AM03	3600	64,315	0	PT
93.866		AG006781-26-UW	3600	114,555	0	PT
93.866		AG00678126S1UWPO201419	3600	369,563	0	PT
93.866		FY13001007FY14001004AM	3600	88,461	0	PT
93.866		FY13001007FY15001006AM	3600	35,207	0	PT
93.866		PE148A-UW-1 MOD01	3600	6,929	0	PT
93.866		PO#2001739762 MOD03	3600	21,961	0	PT
93.866		RT20140956-01	3600	28,993	0	PT
93.866		T233733	3600	6,181	0	PT
93.866		T382815 AM01	3600	18,049	0	PT
93.866		VUMC 40785 AM02	3600	60,097	0	PT
93.866		VUMC 40785 AM03	3600	6,692	0	PT
93.866		WFUHS 110918 AM02	3600	16,962	0	PT
93.866			3650	521,128	0	
<b>Federal Program 93.866 Total</b>				<b>22,584,309</b>	<b>3,090,306</b>	
93.867	Vision Research		3600	13,097,388	1,056,612	
93.867		00007517 AM04	3600	34,068	0	PT
93.867		00007517 AM05	3600	301,729	0	PT
93.867		1 (GG010289) AM02	3600	25,444	0	PT
93.867		1002605_UW AM02	3600	55,449	0	PT
93.867		39543216-002	3600	79,359	0	PT
93.867		9-29-03	3600	50,844	0	PT
93.867		N640615302 AM07	3600	70,318	0	PT
93.867		N640615302AM06P2R01EY0	3600	35,099	0	PT
93.867		PO#10317338-004	3600	261,503	0	PT
93.867		R7747G181PN2EY01824401	3600	127,412	0	PT
93.867		UWAEY023533 AM02	3600	1,400	0	PT
93.867			3650	149,680	0	
93.867		GCAEI0244A	3650	12,846	0	PT
93.867		GPHYP0181WSU	3650	8	0	PT
<b>Federal Program 93.867 Total</b>				<b>14,302,547</b>	<b>1,056,612</b>	
93.879	Medical Library Assistance		3600	1,955,612	116,184	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.879	Medical Library Assistance	00404781240953AM01	3600	24,451	0	PT
93.879		PO#0000633810	3600	2,501	0	PT
<b>Federal Program 93.879 Total</b>				<b>1,982,564</b>	<b>116,184</b>	
<b>National Institutes of Health Total</b>				<b>312,466,092</b>	<b>45,728,878</b>	
93.933	Demonstration Projects for Indian Health	560101-20-415	3600	126,887	0	PT
93.933		560101-20-415 AM01	3600	36,196	0	PT
93.933		PRIMEU261IHS00420401BH	3600	5,635	0	PT
93.933		SCF2013-087	3600	122,748	0	PT
93.933		U261IHS00360400SA04AM0	3600	4,406	0	PT
<b>Federal Program 93.933 Total</b>				<b>295,872</b>	<b>0</b>	
<b>Indian Health Service Total</b>				<b>295,872</b>	<b>0</b>	
93.941	HIV Demonstration, Research, Public and Profession		3600	95,831	0	
<b>Federal Program 93.941 Total</b>				<b>95,831</b>	<b>0</b>	
<b>Centers for Disease Control and Prevention Total</b>				<b>95,831</b>	<b>0</b>	
93.989	International Research and Research Training		3600	2,505,821	570,290	
93.989		3 R24 TW 008889-02S1	3600	4,206	0	PT
93.989		A96818	3600	117,087	0	PT
93.989		PRIME 5R24TW008889-05	3600	181,904	0	PT
93.989		PRIME5R24TW00888904	3600	32,756	0	PT
93.989		UW BUD# 674822	3600	24,258	0	PT
93.989		UW BUD# 675047	3600	29,321	0	PT
93.989		VUMC 36924 AM04	3600	4,484	0	PT
93.989		VUMC 42068 AM01	3600	2,199	0	PT
93.989		VUMC 42070	3600	2,596	0	PT
93.989		VUMC 42129 AM02	3600	10,373	0	PT
93.989		VUMC 42513 AM02	3600	7,091	0	PT
93.989		VUMC 43017 AM01	3600	1,262	0	PT
<b>Federal Program 93.989 Total</b>				<b>2,923,358</b>	<b>570,290</b>	
<b>National Institutes of Health Total</b>				<b>2,923,358</b>	<b>570,290</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>531,448,143</b>	<b>67,788,895</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**Dept of Homeland Security**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
97.002	Homeland Security		3650	(2,396)		0
<b>Federal Program 97.002 Total</b>				<b>(2,396)</b>		<b>0</b>
<b>Homeland Security Total</b>				<b>(2,396)</b>		<b>0</b>
<b>Dept of Homeland Security Total</b>				<b>(2,396)</b>		<b>0</b>

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Research and Development**

**U.S. Agency for International Development**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
98.000	Strengthening Afghan Agricultural Faculties (Saaf)	410600008000044906	3650	41,017	0	PT
98.000		ROPAGREDSUB120003	3650	461,022	10,122	PT
98.000		RC102095	3650	89,019	0	PT
<b>Federal Program 98.000 Total</b>				<b>591,058</b>	<b>10,122</b>	
<b>International Development Total</b>				<b>591,058</b>	<b>10,122</b>	
<b>U.S. Agency for International Development Total</b>				<b>591,058</b>	<b>10,122</b>	
<b>Research and Development Total</b>				<b>890,269,362</b>	<b>105,847,505</b>	

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 Year Ended  
June 30, 2015  
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**Student Financial Assistance**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.007	Federal Supplemental Educational Opportunity Grant		3600	2,034,465	0	
84.007			3650	1,198,776	0	
84.007			3700	446,045	0	
84.007			3750	345,552	0	
84.007			3760	249,905	0	
84.007			6990	3,968,266	0	
<b>Federal Program 84.007 Total</b>				<b>8,243,009</b>	<b>0</b>	
84.033	Federal Work-Study Program		3600	1,528,342	0	
84.033			3650	944,108	0	
84.033			3700	479,443	0	
84.033			3750	373,174	0	
84.033			3760	327,578	0	
84.033			3800	471,765	0	
84.033			6990	4,376,967	0	
<b>Federal Program 84.033 Total</b>				<b>8,501,377</b>	<b>0</b>	
84.038	Federal Perkins Loan Program_federal Capital Contr		3600	(1,368,220)	0	
84.038			3600	49,270,348	0	OL
84.038			3650	16,770,922	0	OL
84.038			3650	3,767,490	0	
84.038			3700	(229,829)	0	
84.038			3700	4,847,638	0	OL
84.038			3750	317,624	0	
84.038			3750	7,297,401	0	OL
84.038			3760	99,336	0	
84.038			3760	4,136,420	0	OL
84.038			3800	8,792,134	0	OL
84.038			3800	(149,069)	0	
84.038			6990	(19,581)	0	
84.038			6990	1,607,787	0	OL
<b>Federal Program 84.038 Total</b>				<b>95,140,401</b>	<b>0</b>	
84.063	Federal Pell Grant Program		3600	48,681,992	0	
84.063			3650	33,653,099	0	
84.063			3700	20,352,078	0	
84.063			3750	17,233,469	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**

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**Student Financial Assistance**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.063	Federal Pell Grant Program		3760	8,381,787	0	
84.063			3800	16,122,414	0	
84.063			6990	242,902,081	0	
<b>Federal Program 84.063 Total</b>				<b>387,326,920</b>	<b>0</b>	
84.268	Federal Direct Student Loans		3600	287,746,790	0	
84.268			3650	164,619,704	0	
84.268			3700	66,799,206	0	
84.268			3750	66,580,591	0	
84.268			3760	23,368,893	0	
84.268			3800	67,773,830	0	
84.268			6990	125,923,157	0	
<b>Federal Program 84.268 Total</b>				<b>802,812,171</b>	<b>0</b>	
84.379	Teacher Education Assistance for College and High		3750	182,865	0	
84.379			3760	22,504	0	
<b>Federal Program 84.379 Total</b>				<b>205,369</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>1,302,229,247</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Student Financial Assistance**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.264	Nurse Faculty Loan Program		3600	117,313	0	
93.264			3600	2,004,832	0	OL
93.264			3650	280,000	0	
93.264			3650	997,987	0	OL
<b>Federal Program 93.264 Total</b>				<b>3,400,132</b>	<b>0</b>	
93.342	Health Professions Student Loans, Including Primar		3600	(538,985)	0	
93.342			3600	12,297,196	0	OL
93.342			3650	2,028,055	0	OL
93.342			3650	382,911	0	
<b>Federal Program 93.342 Total</b>				<b>14,169,177</b>	<b>0</b>	
93.364	Nursing Student Loans		3600	2,248,848	0	OL
93.364			3600	103,093	0	
93.364			3650	143,420	0	
93.364			3650	1,171,335	0	OL
<b>Federal Program 93.364 Total</b>				<b>3,666,696</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>21,236,005</b>	<b>0</b>	
<b>Student Financial Assistance Total</b>				<b>1,323,465,252</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**SNAP**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.551	SNAP - Food Stamps (C)		3000	1,529,705,399		0 NC
<b>Federal Program 10.551 Total</b>				<b>1,529,705,399</b>		<b>0</b>
10.561	State Admin Match - Grants for Snap		3000	87,258,383	5,261,387	
10.561		116-BFET-15	6990	81,254		0 PT
10.561		P031S130053	6990	341,211		0 PT
<b>Federal Program 10.561 Total</b>				<b>87,680,848</b>	<b>5,261,387</b>	
<b>Dept of Agriculture Total</b>				<b>1,617,386,247</b>	<b>5,261,387</b>	
<b>SNAP Total</b>				<b>1,617,386,247</b>	<b>5,261,387</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Food Distribution**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.565	Commodity Supplemental Food Program		4950	405,491	386,112	
<b>Federal Program 10.565 Total</b>				<b>405,491</b>	<b>386,112</b>	
10.568	Temp Emerg Food Assist - Admin		4950	1,610,987	1,411,453	
<b>Federal Program 10.568 Total</b>				<b>1,610,987</b>	<b>1,411,453</b>	
10.569	Temp Emergency Food Assist		4950	9,211,451	9,211,451	NC
<b>Federal Program 10.569 Total</b>				<b>9,211,451</b>	<b>9,211,451</b>	
<b>Dept of Agriculture Total</b>				<b>11,227,929</b>	<b>11,009,016</b>	
<b>Food Distribution Total</b>				<b>11,227,929</b>	<b>11,009,016</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Child Nutrition**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.553	School Breakfast Program		3500	52,949,082	52,949,082	
<b>Federal Program 10.553 Total</b>				<b>52,949,082</b>	<b>52,949,082</b>	
10.555	National School Lunch Program		3500	195,113,654	195,113,654	
10.555			3500	25,639,605	25,639,605	NC
<b>Federal Program 10.555 Total</b>				<b>220,753,259</b>	<b>220,753,259</b>	
10.556	Special Milk Program for Children		3500	263,899	263,899	
<b>Federal Program 10.556 Total</b>				<b>263,899</b>	<b>263,899</b>	
10.559	Summer Food Service Program for Children		3500	5,829,073	5,653,348	
<b>Federal Program 10.559 Total</b>				<b>5,829,073</b>	<b>5,653,348</b>	
<b>Dept of Agriculture Total</b>				<b>279,795,313</b>	<b>279,619,588</b>	
<b>Child Nutrition Total</b>				<b>279,795,313</b>	<b>279,619,588</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Fish and Wildlife**

**Dept of the Interior**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
15.605	Sport Fish Restoration Program		4770	6,818,522	0	
<b>Federal Program 15.605 Total</b>				<b>6,818,522</b>	<b>0</b>	
15.611	Wildlife Restoration and Basic Hunter Education	WSU002006	3650	93	0	PT
15.611			4770	12,706,008	0	
<b>Federal Program 15.611 Total</b>				<b>12,706,101</b>	<b>0</b>	
<b>Dept of the Interior Total</b>				<b>19,524,623</b>	<b>0</b>	
<b>Fish and Wildlife Total</b>				<b>19,524,623</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Employment Service**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.207	Employ Serv/Wagner-Peyser Funded		5400	12,813,782	0	
<b>Federal Program 17.207 Total</b>				<b>12,813,782</b>	<b>0</b>	
17.801	Disabled Veterans' Outreach Program (Dvop)		5400	2,722,268	0	
<b>Federal Program 17.801 Total</b>				<b>2,722,268</b>	<b>0</b>	
17.804	Local Veterans' Employment Representative Program		5400	1,817,780	0	
<b>Federal Program 17.804 Total</b>				<b>1,817,780</b>	<b>0</b>	
<b>Dept of Labor Total</b>				<b>17,353,830</b>	<b>0</b>	
<b>Employment Service Total</b>				<b>17,353,830</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**WIA**

**Dept of Labor**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
17.258	WIA Adult Program		5400	15,817,871	15,464,283	
17.258		5310-WFC-WIA-A-DW	6990	38,180		0 PT
17.258		WFC-WIA-A-DW-05-01	6990	43,200		0 PT
<b>Federal Program 17.258 Total</b>				<b>15,899,251</b>	<b>15,464,283</b>	
17.259	WIA Youth Activities		5400	16,030,081	14,300,973	
17.259		14-EDCC-X-233-WOSY	6990	52,523		0 PT
17.259		14-EVCC-X-232-WOSY	6990	49,658	49,658	PT
<b>Federal Program 17.259 Total</b>				<b>16,132,262</b>	<b>14,350,631</b>	
17.278	WIA Dislocated Worker Formula Grants		5400	18,476,940	18,140,763	
17.278		C75414011416310	6990	18,660		0 PT
17.278		WFC-WIA-A-DW-05-01	6990	39,776		0 PT
<b>Federal Program 17.278 Total</b>				<b>18,535,376</b>	<b>18,140,763</b>	
<b>Dept of Labor Total</b>				<b>50,566,889</b>	<b>47,955,677</b>	
<b>WIA Total</b>				<b>50,566,889</b>	<b>47,955,677</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Federal Transit**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.500	Fedl Transit - Capital Invest Grants		4050	16,236,251	1,409,126	
<b>Federal Program 20.500 Total</b>				<b>16,236,251</b>	<b>1,409,126</b>	
20.507	Federal Transit Formula Grants		4050	1,180,704	0	
<b>Federal Program 20.507 Total</b>				<b>1,180,704</b>	<b>0</b>	
20.525	State of Good Repair Grants Program		4050	1,091,939	0	
<b>Federal Program 20.525 Total</b>				<b>1,091,939</b>	<b>0</b>	
20.526	Bus and Bus Facilities Formula Program		4050	1,203,186	1,203,186	
<b>Federal Program 20.526 Total</b>				<b>1,203,186</b>	<b>1,203,186</b>	
<b>Dept of Transportation Total</b>				<b>19,712,080</b>	<b>2,612,312</b>	
<b>Federal Transit Total</b>				<b>19,712,080</b>	<b>2,612,312</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Highway Safety**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.600	State and Community Highway Safety		2280	4,802,451	2,946,318	
	<b>Federal Program 20.600 Total</b>			<b>4,802,451</b>	<b>2,946,318</b>	
20.601	Alcohol Impaired Driving Countermeasures Incentive		2280	123,015	45,201	
	<b>Federal Program 20.601 Total</b>			<b>123,015</b>	<b>45,201</b>	
20.602	Occupant Protection Incentive Grants		2280	138,936	138,936	
	<b>Federal Program 20.602 Total</b>			<b>138,936</b>	<b>138,936</b>	
20.610	State Traffic Safety Information System Improvemen		2280	115,693	36,493	
	<b>Federal Program 20.610 Total</b>			<b>115,693</b>	<b>36,493</b>	
20.612	Incentive Grant Program to Increase Motorcyclist S		2280	197,165	179,229	
	<b>Federal Program 20.612 Total</b>			<b>197,165</b>	<b>179,229</b>	
20.613	Child Safety and Child Booster Seats Incentive Gra		2280	4,170	4,170	
	<b>Federal Program 20.613 Total</b>			<b>4,170</b>	<b>4,170</b>	
20.616	National Priority Safety Programs		2280	5,179,575	2,996,995	
	<b>Federal Program 20.616 Total</b>			<b>5,179,575</b>	<b>2,996,995</b>	
	<b>Dept of Transportation Total</b>			<b>10,561,005</b>	<b>6,347,342</b>	
	<b>Highway Safety Total</b>			<b>10,561,005</b>	<b>6,347,342</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**Special Education (IDEA)**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.027	Special Ed - State Grants		3500	209,112,910	205,983,943	
84.027		1211300005/1211300006	3750	22,047	0	PT
84.027		1211400007/1211400008	3750	159,291	0	PT
84.027		03277380	3760	168,510	0	PT
<b>Federal Program 84.027 Total</b>				<b>209,462,758</b>	<b>205,983,943</b>	
84.173	Special Ed - Preschool Grants		3500	7,803,390	7,515,106	
84.173		28901	3760	28,901	0	PT
<b>Federal Program 84.173 Total</b>				<b>7,832,291</b>	<b>7,515,106</b>	
<b>Dept of Education Total</b>				<b>217,295,049</b>	<b>213,499,049</b>	
<b>Special Education (IDEA) Total</b>				<b>217,295,049</b>	<b>213,499,049</b>	

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 Year Ended  
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(Expressed in whole dollars)*

**TRIO**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.042	TRIO Student Support Services		3600	641,206	0	
84.042			3650	435,411	0	
84.042			3700	404,014	0	
84.042			3750	302,914	0	
84.042			3760	267,063	0	
84.042			6990	5,477,353	0	
<b>Federal Program 84.042 Total</b>				<b>7,527,961</b>	<b>0</b>	
84.044	TRIO Talent Search		3600	291,238	0	
84.044			6990	1,143,789	0	
<b>Federal Program 84.044 Total</b>				<b>1,435,027</b>	<b>0</b>	
84.047	TRIO Upward Bound		3600	639,788	0	
84.047			3650	1,136,451	0	
84.047			3760	427,902	0	
84.047			6990	2,307,975	0	
<b>Federal Program 84.047 Total</b>				<b>4,512,116</b>	<b>0</b>	
84.066	TRIO Educational Opportunity Centers		3750	269,345	0	
84.066			6990	201,817	0	
<b>Federal Program 84.066 Total</b>				<b>471,162</b>	<b>0</b>	
84.217	TRIO Mcnair Post-Baccalaureate Achievement		3600	191,350	0	
84.217			3650	175,638	0	
84.217			3700	281,521	0	
84.217			3750	207,025	0	
<b>Federal Program 84.217 Total</b>				<b>855,534</b>	<b>0</b>	
<b>Dept of Education Total</b>				<b>14,801,800</b>	<b>0</b>	
<b>TRIO Total</b>				<b>14,801,800</b>	<b>0</b>	

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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**Aging**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.044	Special Programs for the Aging Title III, Part B G		3000	9,214,201	8,245,734	
<b>Federal Program 93.044 Total</b>				<b>9,214,201</b>	<b>8,245,734</b>	
93.045	Special Programs for the Aging Title III, Part C N		3000	10,701,897	10,671,819	
<b>Federal Program 93.045 Total</b>				<b>10,701,897</b>	<b>10,671,819</b>	
93.053	Nutrition Services Incentive Program		3000	2,231,060	2,231,060	
<b>Federal Program 93.053 Total</b>				<b>2,231,060</b>	<b>2,231,060</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>22,147,158</b>	<b>21,148,613</b>	
<b>Aging Total</b>				<b>22,147,158</b>	<b>21,148,613</b>	

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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**CCDF**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.575	Child Care & Dev - Block Grant		3000	105,833,325	0	
93.575			3570	38,494,243	5,318,572	
93.575		WSU002144	3650	481	0	PT
93.575		WSU002145	3650	3,521	0	PT
<b>Federal Program 93.575 Total</b>				<b>144,331,570</b>	<b>5,318,572</b>	
93.596	Child Care Mandatory and Matching Funds of the Chi		3570	76,876,312	6,388,677	
<b>Federal Program 93.596 Total</b>				<b>76,876,312</b>	<b>6,388,677</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>221,207,882</b>	<b>11,707,249</b>	
<b>CCDF Total</b>				<b>221,207,882</b>	<b>11,707,249</b>	

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 Year Ended  
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**Medicaid**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.775	State Medicaid Fraud Control Units		1000	3,021,524		0
<b>Federal Program 93.775 Total</b>				<b>3,021,524</b>		<b>0</b>
93.777	State Survey and Certification of Health Care Prov		3000	10,965,793		0
93.777			3030	2,343,231		0
<b>Federal Program 93.777 Total</b>				<b>13,309,024</b>		<b>0</b>
93.778	Medical Assistance Program		1070	5,435,088,882	25,952,289	
93.778			3000	2,208,100,633	30,761,217	
<b>Federal Program 93.778 Total</b>				<b>7,643,189,515</b>	<b>56,713,506</b>	
93.778A	ARRA - Medical Assistance Program		1070	47,216,538		0
93.778A			3000	(498,875)		0
<b>Federal Program 93.778A Total</b>				<b>46,717,663</b>		<b>0</b>
<b>Dept of Health &amp; Human Services Total</b>				<b>7,706,237,726</b>	<b>56,713,506</b>	
<b>Medicaid Total</b>				<b>7,706,237,726</b>	<b>56,713,506</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Forest Service Schools and Roads**

**Dept of Agriculture**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
10.665	Schools and Roads - Grants to States		0050	17,596,451		0
10.665			3650	12,409		0
10.665			4050	46,198		0
10.665			4900	3,748		0
<b>Federal Program 10.665 Total</b>				<b>17,658,806</b>		<b>0</b>
<b>Dept of Agriculture Total</b>				<b>17,658,806</b>		<b>0</b>
<b>Forest Service Schools and Roads Total</b>				<b>17,658,806</b>		<b>0</b>

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Disability Insurance/SSI**

**Social Security Administration**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
96.001	Social Security Disability Insurance		3000	48,739,464		0
<b>Federal Program 96.001 Total</b>				<b>48,739,464</b>		<b>0</b>
<b>Social Security Administration Total</b>				<b>48,739,464</b>		<b>0</b>
<b>Disability Insurance/SSI Total</b>				<b>48,739,464</b>		<b>0</b>

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Highway Planning and Construction**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.205	Highway Planning & Constructn		0100	39,095,675	0	
20.205			4050	613,487,588	246,833,043	
<b>Federal Program 20.205 Total</b>				<b>652,583,263</b>	<b>246,833,043</b>	
20.205A	ARRA - Highway Planning & Constructn		4050	39,930	9,582	
<b>Federal Program 20.205A Total</b>				<b>39,930</b>	<b>9,582</b>	
20.219	Recreational Trails Program		4670	1,238,195	945,807	
<b>Federal Program 20.219 Total</b>				<b>1,238,195</b>	<b>945,807</b>	
<b>Dept of Transportation Total</b>				<b>653,861,388</b>	<b>247,788,432</b>	
<b>Highway Planning and Construction Total</b>				<b>653,861,388</b>	<b>247,788,432</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Economic Development**

**Dept of Commerce**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
11.307	Economic Adjustment Assistance		1030	831,066	0	
11.307			3600	2,379	0	
11.307			3650	16,825	0	
11.307		077906777	6990	28,421	0	PT
<b>Federal Program 11.307 Total</b>				<b>878,691</b>	<b>0</b>	
<b>Dept of Commerce Total</b>				<b>878,691</b>	<b>0</b>	
<b>Economic Development Total</b>				<b>878,691</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Transit Services Programs**

**Dept of Transportation**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
20.513	Enhanced Mobility for Seniors and Individuals With		4050	3,800,677	3,583,569	
<b>Federal Program 20.513 Total</b>				<b>3,800,677</b>	<b>3,583,569</b>	
20.516	Job Access and Reverse Commute		4050	2,067,706	1,914,261	
<b>Federal Program 20.516 Total</b>				<b>2,067,706</b>	<b>1,914,261</b>	
20.521	New Freedom Program		4050	1,182,748	1,174,233	
<b>Federal Program 20.521 Total</b>				<b>1,182,748</b>	<b>1,174,233</b>	
<b>Dept of Transportation Total</b>				<b>7,051,131</b>	<b>6,672,063</b>	
<b>Transit Services Programs Total</b>				<b>7,051,131</b>	<b>6,672,063</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**TANF**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.558	Temp Assistance for Needy Families (Tanf)		3000	326,691,821		0
<b>Federal Program 93.558 Total</b>				<b>326,691,821</b>		<b>0</b>
<b>Dept of Health &amp; Human Services Total</b>				<b>326,691,821</b>		<b>0</b>
<b>TANF Total</b>				<b>326,691,821</b>		<b>0</b>

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**School Improvement Grants**

**Dept of Education**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
84.377	School Improvement Grants		3500	9,336,963	8,196,393	
<b>Federal Program 84.377 Total</b>				<b>9,336,963</b>	<b>8,196,393</b>	
84.388	ARRA - School Improve Grants, Recovery Act		3500	163,479	161,779	
<b>Federal Program 84.388 Total</b>				<b>163,479</b>	<b>161,779</b>	
<b>Dept of Education Total</b>				<b>9,500,442</b>	<b>8,358,172</b>	
<b>School Improvement Grants Total</b>				<b>9,500,442</b>	<b>8,358,172</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Health Centers**

**Dept of Health & Human Services**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
93.224	Consolidated Health Centers	110-450-4506	3600	11,556	0	PT
93.224		CHS2923 AM02	3600	37,670	0	PT
93.224		CHS3779	3600	28,407	0	PT
<b>Federal Program 93.224 Total</b>				<b>77,633</b>	<b>0</b>	
<b>Dept of Health &amp; Human Services Total</b>				<b>77,633</b>	<b>0</b>	
<b>Health Centers Total</b>				<b>77,633</b>	<b>0</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Clean Water State Revolving Fund**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.458	Capitalization Grants for Clean Water State Revolv		4610	18,176,224	17,125,676	
<b>Federal Program 66.458 Total</b>				<b>18,176,224</b>	<b>17,125,676</b>	
<b>Environmental Protection Agency Total</b>				<b>18,176,224</b>	<b>17,125,676</b>	
<b>Clean Water State Revolving Fund Total</b>				<b>18,176,224</b>	<b>17,125,676</b>	

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 Year Ended  
June 30, 2015  
(Expressed in whole dollars)*

**Drinking Water State Revolving Fund**

**Environmental Protection Agency**

<b>Federal Catalog No.</b>	<b>Federal Program Title</b>	<b>Award/Contract Control Number</b>	<b>State Agency No.</b>	<b>Expenditure Amount</b>	<b>Expend Amts Passed Through to Subrecipients</b>	<b>See Note E</b>
66.468	Capitalization Grants for Drinking Water State Rev		3030	25,892,888	20,006,385	
<b>Federal Program 66.468 Total</b>				<b>25,892,888</b>	<b>20,006,385</b>	
<b>Environmental Protection Agency Total</b>				<b>25,892,888</b>	<b>20,006,385</b>	
<b>Drinking Water State Revolving Fund Total</b>				<b>25,892,888</b>	<b>20,006,385</b>	

**Total Federal Assistance**

**17,030,229,853**

**1,894,860,933**

Footnotes:

NC - Expenditure amount noncash in nature

PT - Expenditure, Pass-through in nature (federal funds received through another nonfederal entity).

OL - Loan Amount (outstanding loan amounts to date).

**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, 2015*

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

*For the Fiscal Year Ended*  
*June 30, 2015*  
*(Expressed in Whole Dollars)*

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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) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note B: **Significant Accounting Policies**

Note B1: **Basis of Presentation** - The information in the Schedule is presented in accordance with OMB Circular A-133.

- 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 Circular A-133, 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 Circular A-133 requires the Schedule to show total expenditures for each of the state's federal assistance programs as identified in the CFDA. The Federal Single Audit Clearinghouse has modified several of the CFDA programs for reporting purposes. The Schedule includes those modifications.
- 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. Federal assistance programs and awards which have not been assigned a CFDA number, but have a grant award or agreement number, are assigned a five digit code consisting of the first two digits indicating federal agency and the last three digits all zeros. Where no CFDA number has been identified and no award or agreement number was identifiable, a five-digit code consisting of two digits indicating federal agency followed by three nines, is displayed on the Schedule.

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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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- 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* (June 2015). No expenditures of federal awards were recorded in the following mandated clusters in the report year:

Section 8 Project-Based  
Foster Grandparent/Senior Companion  
Foreign Food Aid Donation  
Housing Voucher  
CDFI  
Water and Waste Program  
Community Facilities Loans and Grants  
HOPE VI  
Hurricane Sandy Relief

Note B2: Reporting Entity - The state reporting entity is fully described in Note 1A to the state's financial statements. The Schedule includes all federal assistance programs administered by the state during fiscal year ending June 30, 2015.

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. 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 \$1,301,542 was recovered for state central service costs during fiscal year ending June 30, 2014.

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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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- Matching Costs - The Schedule does not include matching expenditures with the exception specified in Note C to the Schedule.
- 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.

The reported expenditures for benefits under the SNAP (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 0.64 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.
  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 23.68% 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.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

*For the Fiscal Year Ended  
June 30, 2015  
(Expressed in Whole Dollars)*

- 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.

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, 2015:

10.557 - Special Supplemental Nutrition Program for WIC.....	\$23,983,874
(Infant formula rebates provided by private companies)	
93.917 - HIV Care.....	\$38,841
(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, 2014:

20.205 Debt service costs for Referendum 49 bonds.....	\$3,985,181
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- 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.

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**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Notes A – E**

*For the Fiscal Year Ended*  
*June 30, 2015*  
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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, 2015 include:

State of Washington/Employer Funded.....	\$ 911,711,831
Federal Funds.....	158,995,861
Total	<u>\$ 1,070,707,692</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, 2015, the state held the following inventories of non-monetary assistance:

Food Commodities (10.565 and 10.569) .....	\$ 6,971,918
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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.

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended*  
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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
03.000	3600	ASSOCIATION OF CHILDREN'S MUSEUMS	IMLS# LG-64-12-0655-12	2,120
03.312	3600	ASSOCIATION OF CHILDREN'S MUSEUMS	MG-10-14-0006-14	1,827
03.313	3600	UNIVERSITY OF TEXAS AT AUSTIN	UTA13-000632	14,000
05.024	3650	WESTERN STATE ARTS FEDERATION	TW20130182	2,249
05.024	3650	WESTERN STATE ARTS FEDERATION	TW20130217	2,249
06.129	3650	"HUMANITIES WA'	4669GF13	4,330
06.129	3700	HumWA-Activist Studio	N/A	6,337
06.169	3650	ELECTRONIC LITERATURE ORG	121827001	12,632
07.000	3600	NORTHWEST HIDTA	9001000055	2,400
07.000	3600	NORTHWEST HIDTA	9003000009	19,895
10.000	3600	AUBURN UNIVERSITY	0019350	9,135
10.000	3600	CORRIM	NO. 310 AM06	22,098
10.000	3600	CORRIM	SUBCONTRACT 910	6,350
10.000	3600	CORRIM	SUBCONTRACT NO. 810	65,561
10.000	3600	SLOW THE SPREAD FOUNDATION	A97911	41,487
10.000	3650	CALIFORNIA GRAPE & TREE FRUIT	201125	96,347
10.000	3650	COTTON INCORPORATED	WSU002142	149,205
10.000	3650	MS ST UNIV	01800034045203	-31
10.001	3650	UNIV OF CA DAVIS	201118169-02	6,258
10.001	3650	UNIV OF ID FED	BJKH65SB001	-571
10.200	3650	CO ST UNIV FED FLOW	AFE742346	1,299
10.200	3650	UNIV OF CA DAVIS	201117720	39
10.200	3650	UNIV OF CA DAVIS	201117720WSU1	195
10.200	3650	UNIV OF CA DAVIS	201117720WSU4ECS	43
10.200	3650	UNIV OF CA DAVIS	20122337205	16,924
10.200	3650	UNIV OF CA DAVIS	20122337209WSUCHAST	28,197
10.200	3650	UNIV OF CA DAVIS	20122337215WSUTMILL	268
10.200	3650	UNIV OF CA DAVIS	20122337218WSU	7,113

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

*For the Year Ended*  
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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
10.200	3650	UNIV OF CA DAVIS	20122337220WSUHEBERT	18,037
10.200	3650	UNIV OF CA DAVIS	201302570019CHASTAG	6,726
10.200	3650	UNIV OF CA DAVIS	20130257007WSU	30,871
10.200	3650	UNIV OF CA DAVIS	20130257011WSU	47,172
10.200	3650	UNIV OF CA DAVIS	20130257029WSUGROVE1	26,292
10.200	3650	UNIV OF ID FED	BAK307SB002	33,505
10.200	3650	UNIV OF ID FED	BAK466SB001	-70
10.206	3650	KS ST UNIV	S10200	-245
10.206	3650	VA TECH UNIV	42204819276	23,105
10.212	3650	MULTIFORM HARVEST INC	WSU002491	39,346
10.212	3650	TROUTLODGE INC FED FLOW	117818	3,069
10.215	3650	UT ST UNIV - FED FLOW	090758003	34,190
10.215	3650	UT ST UNIV - FED FLOW	100893004	53,640
10.215	3650	UT ST UNIV - FED FLOW	110892004	52,681
10.215	3650	UT ST UNIV - FED FLOW	110892012	15,441
10.215	3650	UT ST UNIV - FED FLOW	12083302	44,140
10.215	3650	UT ST UNIV - FED FLOW	120833027	10,833
10.219	3750	UNIVERSITY OF GEORGIA	RR167-551/4787396	3,128
10.227	3600	DINE COLLEGE	UW BUD# 630823	914
10.227	3600	NORTHWEST INDIAN COLLEGE	28751MOD1NIFA201338424	11,122
10.227	3600	NORTHWEST INDIAN COLLEGE	28752MOD1NIFA201338424	1,737
10.227	3650	NW INDIAN COLLEGE FED FLOW	28751	3,258
10.227	3650	NW INDIAN COLLEGE FED FLOW	28752	1,785
10.227	3650	NW INDIAN COLLEGE FED FLOW	28753	4,098
10.227	3650	NW INDIAN COLLEGE FED FLOW	WSU002241	3,978
10.227	3650	NW INDIAN COLLEGE FED FLOW	WSU002537	6,624
10.227	3800	NW Indian College	28750	6,091
10.303	3650	MI ST UNIV	RC100946WSU	77,323

**State of Washington**  
**Schedule of Expenditures of Federal Awards**  
**Note F:**  
**Supplemental Information for Pass-Through Funds**

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10.303	3650	NORTH DAKOTA STATE UNIVERSITY	FAR0021477	74,626
10.303	3650	UNIV OF CA DAVIS	SA7746	52,599
10.303	3650	UNIV OF ID FED	BJKH03SB001	-5,374
10.303	3650	UNIV OF ID FED	BJKH15SB001	26,363
10.303	3650	UNIV OF ID FED	BJKH15SB002	28,166
10.304	3650	UNIV OF CA FED	20122390204	23,332
10.305	3650	NC ST UNIV - FED FLOW	2008120601	1,025
10.307	3650	OR ST UNIV FED	C0440AA	27,658
10.309	3600	KANSAS STATE UNIVERSITY	S15187	13,598
10.309	3650	CITRUS RES & DEV FNDN	13014NU793	84,114
10.309	3650	MI ST UNIV	614296A	344,569
10.309	3650	MI ST UNIV	RC100858B	274,016
10.309	3650	NC ST UNIV - FED FLOW	2010136502	254,093
10.309	3650	NC ST UNIV - FED FLOW"	2012178503	54,509
10.309	3650	OR ST UNIV FED	C0423BA	334,892
10.309	3650	PA ST UNIV FED FLOW	3826WSUUSDA9561	3,168
10.309	3650	UNIV OF CA DAVIS	20101294201	47,482
10.309	3650	UNIV OF CA DAVIS"	20101304802	89,647
10.309	3650	UNIV OF CA-BERKELEY FED FLOW	00006986	25,906
10.309	3650	UNIV OF WI MADISON	350K873	148,316
10.309	3650	UNIV OF WI MADISON	428K072	14,902
10.310	3600	BOSTON UNIVERSITY	4500001195 AM01	24,639
10.310	3600	KENT STATE UNIVERSITY	416211-UW	64,038
10.310	3600	UNIVERSITY OF CONNECTICUT	KFS5259950PO11522AM01	32,240
10.310	3600	UNIVERSITY OF NEVADA, RENO	UNR1550PR2013670192136	45,542
10.310	3650	BAYLOR COLLEGE OF MED FED	101474002	324,070
10.310	3650	MI ST UNIV	RC101749WSU	69,874
10.310	3650	OR ST UNIV FED	C0414CB	1,105

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10.310	3650	OR ST UNIV FED	U0720BA	20,501
10.310	3650	TX A&M RSCH FNDN FED FLOW	S110072	189,271
10.310	3650	UNIV OF ALABAMA	SUB2011128	97,439
10.310	3650	UNIV OF CA DAVIS	20101571807	302,808
10.310	3650	UNIV OF CA DAVIS	20101573903	106,276
10.310	3650	UNIV OF CA DAVIS	20122309005	76,725
10.310	3650	UNIV OF GA FED FLOW	RC2933654693938	12,276
10.310	3650	UNIV OF ID FED	BJKL03SB002	1,361,800
10.310	3650	UNIV OF MASSACHUSETTS DARTMOUT	15115	12,203
10.310	3650	UNIV OF MN FED FLOW	H002413501	30,125
10.310	3650	UNIV OF NE FED	2563210212002	119,080
10.310	3650	UNIV OF OR FED	238391A	37,900
10.310	3650	UNIVERSITY OF MISSOURI	C000315874	66,525
10.312	3650	UNIV OF HI RES CORP FED FLOW	MA120037	50,389
10.315	3650	UNIV OF MN FED FLOW	H001344204	248,804
10.320	3650	OR ST UNIV FED	C0432GB	22,236
10.443	3650	UT ST UNIV - FED FLOW	12050101	15,049
10.500	3650	KS ST UNIV	514077	17,467
10.500	3650	KS ST UNIV	S12003	54
10.500	3650	KS ST UNIV	S12099	9,140
10.500	3650	KS ST UNIV	S13055	10,898
10.500	3650	KS ST UNIV	S14150	4,729
10.500	3650	NM ST UNIV FED FLOW	Q01465	36
10.500	3650	OR ST UNIV FED	UC225AA	11,600
10.500	3650	PURDUE UNIV	8000059373	41,994
10.500	3650	UNIV OF CA DAVIS	201120392WSU	874,839
10.500	3650	UNIV OF MASSACHUSETTS	12006968B00	1,499
10.500	3650	UNIV OF NE FED	2563290059813	39,179

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10.500	3650	UT ST UNIV - FED FLOW	130677002	14,000
10.500	3650	UT ST UNIV - FED FLOW	130677006	9,642
10.561	6990	Heritage University	P031S130053	341,211
10.561	6990	SBCTC	116-BFET-15	81,254
10.604	3650	NATIONAL POTATO PROMOTION BOAR	WSUT13GXKSF01	30,671
10.912	3650	THE NATURE CONSERVANCY	WAS110428135	19,649
10.961	3650	PURDUE UNIV	8000051137	38,720
10.961	3650	PURDUE UNIV	800051140	-3,479
10.999	3600	ENERTECHNIX, INC.	UW BUD# 669887	54,392
11.000	3600	COLORADO STATE UNIVERSITY	G-00745-1	5,948
11.000	3600	ITERASHIMA ENVIRONMENTAL SERVICES (ITES)	CK# 0006687324	7,020
11.000	3600	PUGET SOUND RESTORATION FUND	UW BUD# 661975	15,416
11.000	3600	THE WHALE MUSEUM	UW BUD# 668850	5,000
11.000	3600	UNIVERSITY OF SOUTHERN MISSISSIPPI	USM-GR05209-01	2,189
11.000	3650	PORTLAND DEVELOPMENT COMMISSIO	212111	47,877
11.000	4770	North Pacific Fishery Management Council	2011-3	38,145
11.012	3600	ALASKA OCEAN OBSERVING SYSTEM	H2300-63 AM01	22,995
11.012	3600	SOUTHEASTERN UNIVERSITIES RSCH ASSN, INC	2013-014	42,989
11.307	6990	Dept of Commerce-Clean Energy	077906777	28,421
11.407	4770	Pacific States Marine Fisheries Commission	14-37	115,714
11.417	3600	CALIFORNIA SEA GRANT	47485269POS9000494001	100,414
11.417	3600	OREGON STATE UNIVERSITY	NA2233-B AM05	19,363
11.427	3600	UNIVERSITY OF MINNESOTA	H003990003PRIMENA14NMF	15,010
11.431	3600	OREGON STATE UNIVERSITY	NA226B-D AM04	30,771
11.437	3600	PACIFIC ST MARINE FISHERIES COMM	14-54 AM01	16,107
11.437	3600	PACIFIC ST MARINE FISHERIES COMM	14-74	25,590
11.437	4770	Pacific States Marine Fisheries Commission	13-30	49,121
11.437	4770	Pacific States Marine Fisheries Commission	14-81	56,802

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11.437	4770	Pacific States Marine Fisheries Commission	14-84	74,998
11.437	4770	Pacific States Marine Fisheries Commission	15-02	60,381
11.437	4770	Pacific States Marine Fisheries Commission	15-36G	19,452
11.437	4770	Pacific States Marine Fisheries Commission	15-37G	88,385
11.437	4770	Pacific States Marine Fisheries Commission	15-38	612,882
11.437	4770	Pacific States Marine Fisheries Commission	15-48G	53,495
11.437	4770	The Nature Conservancy	WA-S-141207-031	133,922
11.438	3600	ALASKA DEPARTMENT OF FISH AND GAME	AKSSF-44913 AM01	197,747
11.438	3600	ALASKA DEPT OF FISH AND GAME	44714 AM01	82,574
11.438	3600	ALASKA DEPT OF FISH AND GAME	SA-14-018	149,061
11.439	4770	Pacific States Marine Fisheries Commission	13-25	102,278
11.440	4770	Pacific States Marine Fisheries Commission	15-15	163,786
11.441	4770	Pacific States Marine Fisheries Commission	06-14	61,737
11.463	3600	THE NATURE CONSERVANCY	WA-S-141212-032	5,683
11.463	3650	GLOBAL SCIENCE & TECHNOLOGY	SA13WSU01	23,786
11.463	3800	Nature Conservancy	WA-S130820-017	117,213
11.463	4770	The Nature Conservancy	WA-S-141216-033	7,922
11.472	3600	NORTH PACIFIC RESEARCH BOARD	#1006	-1
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1301	64,890
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1304	55,970
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1309	42,676
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1321	59,979
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1322	70,268
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1402	53,238
11.472	3600	NORTH PACIFIC RESEARCH BOARD	1408	22,391
11.472	3600	NORTH PACIFIC RESEARCH BOARD	F6423 AM01	36,756
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G82/F5182-01 AM01	50,513
11.472	3600	NORTH PACIFIC RESEARCH BOARD	G84/F5384-01 AM01	29,762

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11.472	3600	NORTH PACIFIC RESEARCH BOARD	PROJECT #1421	3,814
11.472	3600	PRINCE WILLIAM SOUND SCIENCE CENTER	12-85-10 AM03	92,882
11.472	3800	North Pacific Research Board	G83/F5183-04	45,360
11.472	3800	North Pacific Research Board	PROJECT 1427	27,951
11.473	3600	QUILEUTE TRIBE	UW BUD# 630404	1,939
12.000	3600	ADAPTIVE METHODS	P.O.# 7374	19,728
12.000	3600	ADVANCED TECHNOLOGY INSTITUTE (ATI)	2010-319 MOD06	3,395
12.000	3600	AMERICAN BURN ASSOCIATION	PRIME W81XWH-11-1-0835	125,286
12.000	3600	APPLIED PHYSICAL SCIENCES CORP	APS-14-02 MOD04	398,492
12.000	3600	BAE SYSTEMS	832705-6	-489
12.000	3600	CARNEGIE MELLON UNIVERSITY	1150114-293607 AM04	173,597
12.000	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2014-015-1	40,619
12.000	3600	CFD RESEARCH CORPORATION	UW BUD# 668409	32,478
12.000	3600	CH2M HILL , INC. A/P	PO 950620 REV01	5,004
12.000	3600	COLORADO STATE UNIVERSITY	G-00184-1	13,747
12.000	3600	CORTANA CORPORATION	P.O. 15-03	4,606
12.000	3600	CORTANA CORPORATION	POAGREEMENT1302MOD06	31,148
12.000	3600	CRAIG HOSP	GRANT PT100068 AM02	117,451
12.000	3600	CREARE INC.	72284 AM06	4,364
12.000	3600	CREARE INC.	PO #69652 REV03	106
12.000	3600	GENERAL ELECTRIC COMPANY	FA8650-12-5203	107,898
12.000	3600	HDR ENVIRONMENTAL, OPS, AND CONSTRUCTION	003/0000127778 MOD04	43,110
12.000	3600	HDR ENVIRONMENTAL, OPS, AND CONSTRUCTION	005-4394-059 MOD04	29,401
12.000	3600	IPITEK	AMENDMENT NO.10	-33,851
12.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2000859125 MOD05	450
12.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2000859125 MOD06	17,590
12.000	3600	JOHNS HOPKINS UNIVERSITY	W81XWH1020090 MOD03	22,834

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12.000	3600	KITWARE, INC.	K000886-00-S06 MOD05	143,385
12.000	3600	MANDEX, INC.	PO#28649	38,450
12.000	3600	MANDEX, INC.	PO#28872	2,107
12.000	3600	NATIONAL MARINE MAMMAL FOUNDATION	N000141110436001AM3MD1	38,736
12.000	3600	OASIS, INC.	OASIS14-SC-05	15,975
12.000	3600	OREGON STATE UNIVERSITY	PO P0095291	46,057
12.000	3600	OREGON STATE UNIVERSITY	RM102A-B AM04	45,688
12.000	3600	OREGON STATE UNIVERSITY	V0622A-A AM03	340,222
12.000	3600	QUEST INTEGRATED, LLC	UW BUD# 630621	37,222
12.000	3600	SARCOMA ALLIANCE FOR RESEARCH THROUGH COLLABORATION (SARC)	UW BUD# 638538	-4,630
12.000	3600	SEATTLE INSTITUTE FOR BIOMEDICAL AND CLI	RM163OCONNJ1SIBCR	11,065
12.000	3600	SEATTLE INSTITUTE FOR BIOMEDICAL AND CLI	RM163OCONNJ2SIBCR	54,152
12.000	3600	SLOAN-KETTERING INSTITUTE	BD516137	50,998
12.000	3600	SLOAN-KETTERING INSTITUTE	BD517407 AM01	63,645
12.000	3600	SMITHSONIAN INSTITUTION	15-SUBC-440-0000323022	51,391
12.000	3600	SOLUXRA, LLC	AMEND #02	131,842
12.000	3600	SOLUXRA, LLC	UW BUD# 663527	24,800
12.000	3600	SOLUXRA, LLC	UW OSP# A81377 AM02	15,355
12.000	3600	SRA INTERNATIONAL, INC.	SRAS001407-01 MOD01	91,148
12.000	3600	SRI INTERNATIONAL, INC.	#27-001389 MOD06	-558
12.000	3600	SRI INTERNATIONAL, INC.	19-000234 MOD04	66,678
12.000	3600	SRI INTERNATIONAL, INC.	27-001389 MOD09	224,301
12.000	3600	SRI INTERNATIONAL, INC.	69000535MOD08RELEASE3	233,795
12.000	3600	STANFORD UNIVERSITY	29030420-50473-B AM05	53,943
12.000	3600	TEMPLE UNIVERSITY	255462	10,000
12.000	3600	THE GENEVA FOUNDATION	V115802W81XWH0820159	40,219
12.000	3600	THE JOHNS HOPKINS UNIVERSITY	117773 MOD01	18,890

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12.000	3600	TIERRA DATA INC.	14016	64,832
12.000	3600	TIERRA DATA INC.	AM06	28,754
12.000	3600	TUSAIRE, INC.	PO 10222014-1	42,933
12.000	3600	UNIV OF CALIFORNIA, SAN DIEGO	PO #10291495-010	369,762
12.000	3600	UNIV OF CALIFORNIA, SAN DIEGO	PO# 10313249-004	151,654
12.000	3600	UNIVERSAL TECHNOLOGY CORP	15-S26-6-4-C1	11,467
12.000	3600	UNIVERSITY OF MICHIGAN	3002874557 AM01	39,255
12.000	3600	UNIVERSITY OF MICHIGAN	3003270965	69,959
12.000	3600	UNIVERSITY OF UTAH	10033316	64,393
12.000	3600	UNIVERSITY OF YORK	UW BUD# 669807	114,183
12.000	3600	WASHINGTON DEPARTMENT OF FISH AND WILDLIFE (WDFW)	13-2243	12,128
12.000	3600	WEIZMANN INSTITUTE OF SCIENCE	HDTRA1-11-C-0026 AM05	-2,412
12.000	3600	WEIZMANN INSTITUTE OF SCIENCE	HDTRA1-11-C-0026 AM09	377,237
12.000	3600	WYLE	T72595	19,934
12.000	3650	ACADEMY OF APPLIED SCI-FED	1232	-55
12.000	3650	ACADEMY OF APPLIED SCI-FED	1345	2,420
12.000	3650	BAE SYSTEMS	739623	-4,008
12.000	3650	BINGHAMTON UNIV	54680	78,291
12.000	3650	CENTER FOR NATURAL LANDS MGMT	WAC20120220	-1
12.000	3650	CENTER FOR NATURAL LANDS MGMT	WAC20140050	9,450
12.000	3650	CH2M HILL INC	950621	193,359
12.000	3650	HARVARD UNIV	1316985040927	106,954
12.000	3650	JOHNS HOPKINS BLOOMBERG SCHOOL	2001520332	206,651
12.000	3650	NTI INC	WSU002831	3,992
12.000	3650	PULSAR INFORMATICS INC	WSU002	145,510
12.000	3650	PULSAR INFORMATICS INC	WSU005	314,962
12.000	3650	PULSAR INFORMATICS INC	WSU007	126,517

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12.000	3650	UNIFORMED UNIV HEALTH SCIENCES	HT9404121TS07	3,164
12.000	4770	Center for Natural Lands Management	WA-C-2014-029-0	2,793
12.000	4770	Pacific States Marine Fisheries Commission	14-88	5,844
12.000	4770	Pacific States Marine Fisheries Commission	14-89	5,241
12.000	4770	Pacific States Marine Fisheries Commission	14-90	25,452
12.300	3600	CARNEGIE MELLON UNIV	1141207-236198 AM11	158,822
12.300	3600	CARNEGIE MELLON UNIV	1141221-293180 AM03	22,113
12.300	3600	COLUMBIA UNIVERSITY	GG007783 AM04	241,468
12.300	3600	DUKE UNIVERSITY	15-ONR-1029 AM02	32,696
12.300	3600	SIMPSON WEATHER ASSOCIATES, INC.	N000141110450UWAMOD08	18,880
12.300	3600	STANFORD UNIVERSITY	60647113-107808 AM04	96,831
12.300	3600	UNIVERSITY OF MIAMI	S140003POAC21505AM02	2,670
12.300	3600	UNIVERSITY OF PENNSYLVANIA	557493 AM02	141,940
12.300	3600	UNIVERSITY OF VIRGINIA	GG11431-138081 AM04	7,327
12.300	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101081 AM03	38,070
12.300	3650	UNIV OF ID NON FED	KKK696SB001	-23
12.300	3650	UNIV OF S CA	PO10060234	167,944
12.300	3650	UNIV OF TX	UTA14_000245	7,668
12.351	3600	COLORADO STATE UNIVERSITY	G-9882-1	-8,480
12.351	3600	STANFORD UNIVERSITY	28545260-52123-A AM03	8,166
12.351	3600	THE UNIVERSITY OF TEXAS AT AUSTIN	UTA11-000762 AM02	10,408
12.351	3600	THE UNIVERSITY OF TEXAS AT AUSTIN	UTA11-000762 AM03	93,130
12.400	3600	HENRY M. JACKSON FOUNDATION	2022 MOD06/PO#789071	184,556
12.420	3600	AMERICAN BURN ASSOCIATION	W81XWH0920194AM02SEPSI	53,908
12.420	3600	BOSTON VA RESEARCH INSTITUTE, INC	SUBAWARD# 2	16,245
12.420	3600	FHCRC	0000787570	1,570
12.420	3600	FHCRC	0000787570 AM002	15,464
12.420	3600	FHCRC	0000814873	138,595

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12.420	3600	FHCRC	0000814876	89,659
12.420	3600	HENRY M. JACKSON FOUNDATION	PO713003AGR2252MOD03	-4,952
12.420	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9009351_UW AM01	121,606
12.420	3600	SEATTLE INST. FOR BIOMEDICAL & CLIN RES	PE141UW1 MOD01	8,351
12.420	3600	THE CATHOLIC UNIVERSITY OF AMERICA	364271-SUB 2 A5	306,376
12.420	3600	TUFTS UNIVERSITY	ARM333AM03W81XWH111081	240,995
12.420	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	8455SC	45,044
12.420	3600	UNIVERSITY OF MICHIGAN	3003179988	97,888
12.420	3600	UNIVERSITY OF MINNESOTA	R01477 AM03	442,471
12.420	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	535819PRW81XWH1110639	50,323
12.420	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT108802-SC104833	21,137
12.420	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT108802-SC104833 AM02	69,897
12.420	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT108802-SC104833-S1	329,053
12.420	3600	WAKE FOREST UNIVERSITY	WFUHS 441002B GU-02	2,128
12.431	3600	DUKE UNIVERSITY	11-IARPA-1009 MOD07	277,606
12.431	3600	FHCRC	201301077-03 AM04	118,929
12.431	3600	UNIVERSITY OF PUERTO RICO	2014-2015-009	50,067
12.431	3600	YALE UNIVERSITY	C13J11497J00210AM03	9,834
12.431	3600	YALE UNIVERSITY	C13J11497J00210AM032	66,035
12.431	3650	ORG ECONOMIC INITIATIVES INC	ARL10NWMIWSU120610	-48
12.630	3600	PAI LIFE SCIENCES INC.	UW BUD# 662250	300,033
12.800	3600	COLUMBIA UNIVERSITY	2 (GG006552) AM04	287,590
12.800	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RB250-G3 AM09	141,979
12.800	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RB250-G3 AM10	112,158
12.800	3600	MSNW LLC	UW BUD# 666087	90,168
12.800	3600	NORTHWESTERN UNIVERSITY	SP0022325PROJ0007154AM	272,325
12.800	3600	PRINCETON UNIVERSITY	SUB0000043PRFA95500910	4,548
12.800	3600	STANFORD UNIVERSITY	60814399-114411 AM01	62,215

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12.800	3600	TECH-X CORPORATION	UW BUD# 668748	106,515
12.800	3600	UNIVERSITY OF NEVADA, LAS VEGAS	11-708B-06 AM06	4,132
12.800	3650	IA ST UNIV FED FLOW	4212048A	158,357
12.800	3650	IA ST UNIV FED FLOW	4212057A	240,163
12.910	3600	HARVARD UNIVERSITY	130305-5082680	47,084
12.910	3600	TEMPLE UNIVERSITY	251658 AM04	51,691
12.910	3600	UNIVERSITY OF PENNSYLVANIA	554995 AM02	-76,313
12.910	3600	UNIVERSITY OF PENNSYLVANIA	564000	526,130
12.999	3600	HENRY M. JACKSON FOUNDATION	2457 PO#809373	64,543
12.999	3600	THE GENEVA FOUNDATION	S-1342-01	8,770
14.000	3600	THE URBAN INSTITUTE	08577-004-00-UW-01	60,551
14.000	3650	THURSTON REGIONAL PLNG COUNCIL	WSU002082	7,736
14.218	1480	City of Tacoma	HATAC FY2015	94,709
14.239	1480	City of Seattle	HKPS FY2015	180,000
14.323	1480	Neighborworks	EHLG Grant 2014	18,766
14.704	3600	CITY OF SEATTLE	AM 02	57,591
15.000	3600	DEPARTMENT OF LANDS AND NATURAL RESOURCE	AM02	239,482
15.000	3600	SNOHOMISH COUNTY EMERGENCY MANAGEMENT	UW BUD# 665116	63,193
15.000	4770	Wildlife Management Institute	F12PX03583	2,555
15.036	3600	POINT NO POINT TREATY COUNCIL	AM01	23,520
15.608	3650	NAT'L FISH & WILDLIFE FNDN	201000060075	109,545
15.611	3650	ID DEPT OF FISH & GAME	WSU002006	93
15.615	3600	DIVISION OF FISH AND WILDLIFE	438401-OC AM09	25,595
15.631	3600	PACIFIC RIM INST. FOR ENV. STEWARDSHIP	WILDFLOWER - UW 1	4,228
15.639	3800	Lower Elwha Trive	MCLAUGHLIN	2,033
15.649	3760	WDFW SPP	10-1610	25,255
15.655	3600	ALASKA DEPARTMENT OF FISH & GAME	IHP 15-091	32,978

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15.657	3600	CALIFORNIA SEA GRANT COLLEGE PROGRAM	36633052, R/SF-54	71,141
15.657	3600	CENTER FOR NATURAL LANDS MANAGEMENT	WA-S-2013-028-2 AM02	4,394
15.657	3760		WA-C-2014-028-0	2,029
15.657	3760	CNLM FOR NAT.LANDS MGMT.	WA-C-2011-022-0	61,788
15.668	3600	NORTH SLOPE BOROUGH	3605.6355.G051304	15,056
15.669	3600	CONSERVATION NORTHWEST	USFWS F12AP00833	18,335
15.670	3600	CONSERVATION NORTHWEST	PROJECT A102684	4,817
15.820	3600	OREGON STATE UNIVERSITY	GS240B-B AM04	484,286
15.820	3600	OREGON STATE UNIVERSITY	GS275A-A AM03	116,104
15.820	3600	OREGON STATE UNIVERSITY	GS276A-A AM02	78,886
15.820	3600	OREGON STATE UNIVERSITY	GS277A-B AM01	34,472
15.820	3600	OREGON STATE UNIVERSITY	GS292A-A	114,824
15.820	3600	OREGON STATE UNIVERSITY	GS297A-A	62,945
15.820	3600	OREGON STATE UNIVERSITY	GS301A-A	36,924
15.820	3600	OREGON STATE UNIVERSITY	SUBGRANTNOGS254AAAM01	-390
15.904	3750	CITY OF ROSLYN	FY15-61015-009	5,353
16.000	3650	PULLMAN POLICE DEPT	WSU002168	57,897
16.560	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	PRIME2013VACX0007AM01	8,800
16.560	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	UW BUD# 664830	8,704
16.560	3650	PA ST UNIV FED FLOW	4972WSUNIJ0055	1,860
16.585	3650	CLARK COUNTY DISTRICT COURT	2010DCBX0097	2,001
16.730	3650	RAND CORP	9920110126	23,110
16.730	6990	WSU	115314-G002990	209,516
17.258	6990	Workforce Central	5310-WFC-WIA-A-DW	38,180
17.258	6990	Workforce Central	WFC-WIA-A-DW-05-01	43,200
17.259	6990	Workforce Development Council of Snohmish County	14-EDCC-X-233-WOSY	52,523
17.259	6990	Workforce Snohomish	14-EVCC-X-232-WOSY	49,658
17.260A	6990	Workforce Central	WFC-WIA-A-DW-05-01	42,000

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17.270	5400	Spokane SNAP	7882	51,463
17.270	6990	DCHS King County	5744946	9,580
17.270	6990	WDC - King County IMA Industrial	14/229-NEGJD	18,417
17.274	6990	Tacoma Goodwill	YB 24687-13-60-A-54	27,000
17.277	6990	Pacific Mountain Workforce Development	C2C-BTC-RRT-PY14	63,720
17.277	6990	WDC - Maritime/MFG	TC-22520	22,950
17.278	6990	WDC-Maritime	C75414011416310	18,660
17.278	6990	Workforce Central	WFC-WIA-A-DW-05-01	39,776
17.282	6990	Centralia College	TC-26512-14-60-A-53	142,599
17.282	6990	CENTRALIA COLLEGE	TC26512-14-60-A-53	23,665
17.282	6990	DOL-ANNE ARUNDEL CC	TC-22520	341,407
17.282	6990	National Aviation Consortium	TC-23794-12-60-A-20	623,583
17.282	6990	Spokane - Dept. of Labor	TC-22490-11-60A-53	152,567
17.282	6990	Spokane CC Dist # 17	TC-22490-11-60-A53	309,355
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	SIAPS-2011-003 TO #12	4,390
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	SIAPS-2011-003 TO10	107,886
19.000	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	SIAPS2011003TO11AM02	13,389
19.000	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	ORC11640200529697CRT	19,383
19.000	3600	THE ASIA FOUNDATION	31597100001UWLSMOD03	27,095
19.000	3600	THE POPULATION COUNCIL	SH1113 AM09	66,874
19.000	3600	UNIVERSITY OF CALIFORNIA, DAVIS	201121454-17 AM01	79,324
19.010	3600	INSTITUTE OF INTERNATIONAL EDUCATION	AM01	219,631
19.415	3600	ALLIANCE FOR AMERICAN MUSEUMS(AAM)	SECACU12CA100SSAM01	12,915
20.000	3600	APPLIED PAVEMENT TECHNOLOGY, INC.	TOPR210026RR02UW1	5,686
20.000	3600	APPLIED PAVEMENT TECHNOLOGY, INC.	TOPR4_10-026-RR04-UW_1	33,161
20.000	3600	APPLIED PAVEMENT TECHNOLOGY, INC.	TOPR710026RR02UW1	901
20.000	3600	APPLIED RESEARCH ASSOCIATES, INC.	S-002234-UW-00 MOD01	48,132
20.000	3600	BOOZ ALLEN HAMILTON, INC.	101219SB1E TO01 MOD2	-37

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20.000	3600	CAMBRIDGE SYSTEMATICS, INC.	008500 TO.012	27,175
20.000	3600	CAMBRIDGE SYSTEMATICS, INC.	8500-060 MOD02	19,624
20.000	3600	R.D. MINGO AND ASSOCIATES	UW BUD# 668195	92,192
20.000	3600	THE UNIVERSITY OF IOWA	1001283139	93,376
20.000	3600	WESTAT, INC.	8928-S-008 TO07 MOD07	120,289
20.000	3650	NAT'L ACADEMIES	HR0949A	295,510
20.000	3650	PULSAR INFORMATICS INC	WSU006	8,876
20.000	3650	SPOKANE TRANSIT AUTH	WSU000305	4,314
20.000	3650	UNIV OF NORTH TEXAS	GF40511	22,870
20.000	3650	VA TECH UNIV	45119919276	455,441
20.215	3650	ENGINEERING & SOFTWARE CONSULT	1213	69,663
20.239	3600	VIRGINIA TECH	425942-19124A MOD01	59
20.701	3700	NDSU-Emergency Prep Plan	N/A	6,750
20.761	3650	OR ST UNIV FED	T0013GA	20,129
21.000	1480	Neighborworks	PLC112-55x13506	61,953
43.000	3600	BAYLOR COLLEGE OF MEDICINE	SMST03402 AM01	389,966
43.000	3600	BAYLOR COLLEGE OF MEDICINE	SMST03402 AM02	18,961
43.000	3600	CA INST OF TECH	2-1092669 MOD05	95,248
43.000	3600	CA INST OF TECH JPL	1318945 MOD18	107,464
43.000	3600	CA INST OF TECH JPL	1459517 MOD01	38,471
43.000	3600	CARNEGIE INSTITUTION OF WASHINGTON	4-10067-4051 AM20	4,592
43.000	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RC508-G1 AM02	11,999
43.000	3600	JET PROPULSION LAB	1303809 MOD18	46,460
43.000	3600	JET PROPULSION LAB	1318943NNN13D006TMOD23	79,011
43.000	3600	JET PROPULSION LAB	1506559	101,213
43.000	3600	JET PROPULSION LAB	1517773 MOD02	106,115
43.000	3600	JET PROPULSION LAB	RSA 1439137	29,887
43.000	3600	JET PROPULSION LABORATORY	1375272, MOD08	-4,423

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43.000	3600	JET PROPULSION LABORATORY	1506559	2,961
43.000	3600	JET PROPULSION LABORATORY	1510143	19,000
43.000	3600	MALIN SPACE SCIENCE SYSTEMS, INC.	12-0233 MOD03	189,359
43.000	3600	MALIN SPACE SCIENCE SYSTEMS, INC.	12-0233 MOD04	72,243
43.000	3600	NANOSONIC, INC.	N-A33P	24,341
43.000	3600	NANOSONIC, INC.	N-S02P	1,534
43.000	3600	PLANETARY SCIENCE INSTITUTE	UW BUD# 668145	2,696
43.000	3600	SMITHSONIAN A. O.	ARO-11014X AM04F	16,546
43.000	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	SV3-83025 AM04	18,943
43.000	3600	SPACE SCIENCE INSTITUTE	SUBAWD 00652	41,376
43.000	3600	SPACE TELESCOPE SCI INST	HST-AR-12852.03-A AM01	-1,183
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11580.001A AM05	459
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11688.01-A AM02	71
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-11732.02-A	1
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12055.01-A AM05	528,761
43.000	3600	SPACE TELESCOPE SCI INST	HST-GO-12178.01-A AM02	18,905
43.000	3600	SPACE TELESCOPE SCI INST	HSTGO1205501AAMEND1	539
43.000	3600	STANFORD UNIVERISTY	PY-2426-22727-D AM25	40,204
43.000	3600	SYSTIMA TECHNOLOGIES, INC.	UW BUD# 660142	-14,118
43.000	3600	SYSTIMA TECHNOLOGIES, INC.	UW BUD# 669977	12,826
43.000	3700	ST ScI #2 Quasar Broad Line	hST-GO-13415.005-A	6,420
43.001	3600	BOSTON UNIVERSITY	4500001053 AM02	12,717
43.001	3600	CLARK UNIVERSITY	2NO48-7531 AM01	63,512
43.001	3600	DARTMOUTH COLLEGE	510 AM01	2,673
43.001	3600	DARTMOUTH COLLEGE	510 AM13	184,778
43.001	3600	HAVARD UNIVERSITY	130785-5060310 AM02	56,189
43.001	3600	JET PROPULSION LAB	1513823	25,049
43.001	3600	OHIO STATE U RESEARCH FOUNDATION	60042702-PO#RF01360993	10,038

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43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	AR2-13007X AM03	33,136
43.001	3600	SMITHSONIAN ASTROPHYSICAL OBSERVATORY	GO4-15088X AM01	26,119
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12628.01-A	31,854
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12656.05-A	54
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-12834.01-A	19,701
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-13277.01-A	11,588
43.001	3600	SPACE TELESCOPE SCI INST	HST-AR-13903.001-A	6,482
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12581.06-A AM01	17,469
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12605.06-A	-7
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12870.07-A	71,811
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-12997.01-A	11,418
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13028.019-A	7,725
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13357.01-A AM01	7,718
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13461.001-A	118
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13650.004-A	5,685
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13768.009-A	2,853
43.001	3600	SPACE TELESCOPE SCI INST	HST-GO-13857.001-A	4,865
43.001	3600	SPACE TELESCOPE SCI INST	HSTAR13264001AAM01	70,778
43.001	3600	SPACE TELESCOPE SCI INST	HSTGO13297006AAM01	44,656
43.001	3600	SPACE TELESCOPE SCI INST	HSTGO13366004AAM01	29,956
43.001	3600	SPACE TELESCOPE SCI INST	HSTGO13709001AAM02	50,909
43.001	3600	SPACE TELESCOPE SCI INST	HSTHF251331002AAM01	90,247
43.001	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY, NY	1 GG008879 AM02	78,086
43.001	3600	UNIVERISTY OF UTAH	10029442-WA AM02	13,871
43.001	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	S0184217 AM01	19,903
43.001	3600	UNIVERSITY OF COLORADO	1552357MOD01PO10004540	25,772
43.001	3600	UNIVERSITY OF HAWAII	MA140040 AM01	61,284
43.001	3600	UNIVERSITY OF HAWAII, MANOA	MA140004 AM01	56,683

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43.001	3600	UNIVERSITY OF HAWAII, MANOA	MA140004 AM02	4,743
43.001	3600	UNIVERSITY OF MAINE	UM-S965	124,390
43.001	3600	UNIVERSITY OF MASSACHUSETTS	12-006827 A AM05	114,007
43.001	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101125	126,546
43.001	3600	WOODS HOLE OCEANOGRAPHIC INSTITUTION	A101137	48,892
43.001	3650	CA INST OF TECH	361090335	48,280
43.001	3650	CORNELL UNIV FED FLOW"	627619776	39,158
43.001	3650	INTELLIGENT FIBER OPTIC SYSTEM	WSU001261	-12,949
43.001	3650	NEOTERIC PHYSICS	NNX12AQ56G	55,012
43.001	3650	UNIV OF ID FED	GNK013SB001	68,988
43.001	3750	CALIFORNIA INSTITUTE OF TECHNOLOGY/JET PROPULSION LABORATORY	1507471/NNN12AA01C	38,434
43.002	3600	UNIVERSITY OF COLORADO	1548572 MOD03	-14,428
43.009	3600	MICHIGAN TECHNOLOGICAL UNIVERSITY	1305058Z1 AM02	74,001
45.301	6990	WA state Library	G484	6,566
47.000	3600	BLUHAPTICS	UW BUD# 668428	46,521
47.000	3600	EMORY UNIVERSITY	T261090FORMERLYT082877	101,946
47.000	3600	JOHN HOPKINS UNIV.	JHU-UW-100 TO02	25,045
47.000	3600	OREGON HEALTH & SCIENCE UNIVERISTY	GSTCN010652UWAPLAM2	-269
47.000	3600	OREGON HEALTH & SCIENCE UNIVERISTY	GSTCN0106S2 AM08	372,334
47.000	3600	OREGON STATE UNIVERSITY	PO J9255A-030514	1,906
47.000	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	49092217	2,570
47.000	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	49092217 AMO1	13,763
47.000	3600	UNIVERSITY OF SOUTHERN MISSISSIPPI	PO#27191	7,131
47.000	3600	UNIVERSITY OF WISCONSIN- MADISON	PO 564K432	14,589
47.000	3650	CA INST OF TECH	75ADV1090486	-1
47.000	3650	FORT VALLEY STATE UNIV	WSU002603	1,928
47.000	3650	MUSEUM OF SCIENCE BOSTON	WSU002453	2,990

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47.000	3650	UNIVERSITY OF ROCHESTER	415909G	72,695
47.000	6990	University of Washington	UWSC5940	20,645
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM22	197,419
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM24	1,588,331
47.041	3600	CORNELL NANOSCALE SCI & TECH FACILITY	44771-7473 AM27	1,151,436
47.041	3600	CORNELL UNIVERSITY	44771-7473 AM27	50,976
47.041	3600	DEURION LLC	NSF1330459-SUB1 AM01	57,062
47.041	3600	ENERGETIQ TECHNOLOGY	205-01	14,599
47.041	3600	MICROGREEN POLYMERS, INC.	IIP-1127360	20,096
47.041	3600	POLYDROP, LLC	UW BUD# 663543	41,413
47.041	3600	PURDUE UNIVERSITY	NEES-4101-31868 AM15	37,205
47.041	3600	STASYS MEDICAL CORPORATION	UW OSP #A85946	22,404
47.041	3600	TEXAS A&M RESEARCH FOUNDATION	02-S150242	3,740
47.041	3600	UCLA	0190 G SA465	37,258
47.041	3600	UNIVERSITY OF IOWA	W000684659	1,572
47.041	3600	UNIVERSITY OF MICHIGAN	3002732486	34,784
47.041	3600	UNIVERSITY OF TEXAS, AUSTIN	UTA14-000587	43,686
47.041	3600	WILLIAM MARSH RICE UNIVERSITY	R3D381 AM03	359,303
47.041	3600	WOMEN IN ENGINEERING PROACTIVE NETWORK	EEC-1445076	19,217
47.041	3650	BENSON HILL BIOSYSTEMS	120889001	63,808
47.041	3650	PURDUE UNIV	410151649	44,560
47.041	3650	UNITED ENVIRONMENT & ENERGY	WSU002184	6,295
47.041	6990	N. Carolina A&T State University	260118A	14,662
47.049	3600	AURA, INC.	N51948C	740,765
47.049	3600	EMORY UNIVERSITY	T082877FORMERLYS880653	-9,822
47.049	3600	LSST CORPORATION	C44009L AM09	65,703
47.049	3600	LSST CORPORATION	C44036L AM06	90,389
47.049	3600	LSST CORPORATION	C44051L AM04	144,362

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47.049	3600	LSST CORPORATION	C44068L AM04	21,212
47.049	3600	MICHIGAN STATE UNIVERSITY	RC104177UW	25,210
47.049	3600	RESEARCH & SPONSORED PROGS ACCT	202054 AM02	63,513
47.049	3600	SRI INTERNATIONAL, INC.	97000012AGS1239348MOD0	53,396
47.049	3600	UNIVERSITY OF CALIFORNIA SANTA CRUZ	S0183165AM02	-28,433
47.049	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00008651	37,230
47.049	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	SUB00008789PRIMEDMR131	3,436
47.049	3600	UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN	CHECK # 2551227	1,655
47.049	3600	UNIVERSITY OF NOTRE DAME	PHY-1219444	2,560
47.049	3600	YALE UNIVERSITY	C14D11736(D01999)AM01	473,437
47.049	3650	UNIV OF ID FED	AMK869SB001	78,498
47.049	3700	MAA-PIC Math	DMS-1345499	5,000
47.049	3750	AMERICAN PHYSICAL SOCIETY	NSF#PHY0808790	18,512
47.050	3600	ARIZONA STATE UNIVERSITY	14386AM03PRNSF1338810	52,889
47.050	3600	COLORADO STATE UNIVERSITY	G-3624-12AM04	66,744
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP	T344B85 MOD02	8,729
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	P.O. T344A85 MOD01	7,452
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09	24,425,789
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 12	767,086
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 45	1,235,452
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 5	4,186,948
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	SA 9-09 MOD 50	723,736
47.050	3600	CONSORTIUM FOR OCEAN LEADERSHIP, INC.	T354A85	5,951
47.050	3600	DUKE UNIVERSITY	14-NSF-1031 AM01	111,543
47.050	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RB701-G1 AM01	24,822
47.050	3600	IRIS	07-UWA-SAGE AM02	25,827
47.050	3600	OREGON HEALTH & SCIENCE UNIVERSITY	GSTCN0106S6-UW AM07	61,715
47.050	3600	OREGON STATE UNIVERSITY	S1576A-A	5,926

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47.050	3600	PRINCETON UNIVERSITY	SUB0000005	873,291
47.050	3600	SEA EDUCATION ASSOCIATION, INC.	OCE-1155379-001	8,176
47.050	3600	SESA EDUCATION ASSOCIATION, INC.	OCE-1260403-002	10,708
47.050	3600	STROUD WATER RSCH CTR	340038-55900 MOD02	65,700
47.050	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY, NY	4 (GG002456) AM09	33,663
47.050	3600	U OF CA, SAN DIEGO	55591530	38,689
47.050	3600	UC SAN DIEGO	59691543	73,895
47.050	3600	UCAR	Z15-13632	29,872
47.050	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-37111 AM01	12,488
47.050	3600	UNIVERSITY OF CALIFORNIA DAVIS	201224982-01 AM01	43,254
47.050	3600	UNIVERSITY OF OREGON	208991B AM05	25,971
47.050	3600	UTAH STATE UNIVERSITY	12053604 AM01	2,346
47.050	3650	UNIV OF MI	3002608135	789
47.050	3650	UNIVERSITY OF MISSOURI	C000235246	8,895
47.050	3750	UNAVCO,INC	S10-EAR1261833-S2, EAR	124,451
47.050	3800	Consort for Ocean Leadership	T350A77/BA-77	16,392
47.050	3800	Univ of Alaska	FP33389	13,617
47.070	3600	COMPUTER RESEARCH ASSOCIATION	POSTDOC002	170,936
47.070	3600	CORNELL UNIVERSITY	58007-9069 AM05	203,058
47.070	3600	GEORGIA INSTITUTE OF TECHNOLOGY	RA978-G8	5,001
47.070	3600	NORTHWESTERN UNIV	SP0027430-PROJ0007182	85,852
47.070	3600	STANFORD UNIVERSITY	60167194-106431-A	12,273
47.070	3600	STANFORD UNIVERSITY	60167194-106431-A AM01	120,399
47.070	3600	STONY BROOK UNIVERSITY	68874	55,334
47.070	3600	STROUD WATER RESEARCH CENTER	340051-55900	75,600
47.070	3600	UNIVERSITY OF COLORADO	1549807 MOD03	130,387
47.070	3650	UNIV OF MD/BALT CNTY	0000013311	37,220
47.070	3800	Univ of Oregon	207391C	16,572

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47.070	3800	Worcester Plytech Inst	15-203230-00-00	16,003
47.074	3600	BOYCE THOMPSON INST FOR PLANT RESEARCH	14-02	40,200
47.074	3600	CORNELL UNIVERSITY	63655-9675 AM02	3,681
47.074	3600	ICHAUWAY, INC.	A91030	16,353
47.074	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2014.0001 AM01	105,029
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM03	60,733
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM05	70,590
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM06	131,175
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM09	64,245
47.074	3600	MICHIGAN STATE UNIVERSITY	61-2075UW AM10	288,941
47.074	3600	OREGON STATE UNIVERSITY	S1713A-A	3,254
47.074	3600	THE UNIVERSITY OF NORTH CAROLINE	5-37598 AM01	52,035
47.074	3650	"UNIV OF MD	"Z370805	10,104
47.074	3650	CORNELL UNIV FED FLOW	602479191	1,968
47.074	3750	UNIVERSITY OF KANSAS CENTER FOR RESEARCH	FY2011-099, I0S0951254	15,337
47.075	3600	ASSOCIATION FOR INSTITUTIONAL RESEARCH	DG13-28	19,396
47.075	3600	SEATTLE UNIVERSITY	31-177622SA-01 MOD1	49,120
47.075	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	PO 10321094-003	32,234
47.075	3600	UNIVERSITY OF MASSACHUSETTS	13007301A01PO000134381	7,649
47.076	3600	EXPLORATORIUM	S-DRL-1224135-UW1 AM01	76,649
47.076	3600	EXPLORATORIUM	S-DUE-1238253-UW1 AM03	362,773
47.076	3600	MEDICAL UNIVERSITY OF SOUTH CAROLINA	MUSC13-081 AM02	11,970
47.076	3600	MICHIGAN STATE UNIVERSITY	RC101209UW AM03	80,016
47.076	3600	OREGON STATE UNIVERSITY	S1666A-A	8,237
47.076	3600	PORTLAND STATE UNIVERSITY	201ERV282 AM01	22,664
47.076	3600	STEVENS INSTITUTE OF TECHNOLOGY	527631-004 AM06	2,317
47.076	3600	THE FRANKLIN INSTITUTE SCIENCE MUSEUM	NSF DRL-1223730	56,866
47.076	3600	THE PENNSYLVANIA STATE UNIVERSITY	4769-UW-NSF-6204 AM01	4,701

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47.076	3600	UNIVERSITY OF COLORADO DENVER	FY11.455.001_AMD04_UWA	890
47.076	3600	UNIVERSITY OF COLORADO, DENVER	FY15455002HRD1432406	16,767
47.076	3600	UNIVERSITY OF ROCHESTER	UR ACCT#5-23450 AM03	42,096
47.076	3600	VANDERBILT UNIVERSITY	2327-013631 AM01	94,790
47.076	3650	DEL MAR COLLEGE DISTRICT	201202Q	13,486
47.076	3650	EDMONDS COMMUN COLLEGE	NSFATEDUE1002931	46,923
47.076	3650	MI ST UNIV	RC101209WSU	70,947
47.076	3650	PA ST UNIV FED FLOW	3558WSUNSF3747	15,037
47.076	3650	UNIV OF NE FED	WSU002562	596
47.076	3650	WRIGHT STATE UNIV	667378	7
47.076	3750	CARLETON COLLEGE	DUE1125331	19,311
47.076	3760		RA10026223	8,135
47.076	3800	Carlton College	NEXTGEN STEM TP-WA	12,829
47.076	3800	Salish Kootenai College	NONE	5,400
47.076	6990		DUE-1304892	37,816
47.076	6990	Central Washington University	21213-4	1,488
47.076	6990	Finger Lakes Community College	NSF#1118679	9,995
47.076	6990	Missouri State University	11052-015	53,928
47.076	6990	SAGE	DUE-12505107	17,009
47.076	6990	Sinclair Community College	DUE 1304405	28,524
47.076	6990	UW - MESA STEM	677551	24,073
47.078	3600	UNIV OF KANSAS, CENTER FOR RESEARCH INC	FY2011-025-M5 MOD06	241,766
47.078	3650	UNIV OF MN FED FLOW	D001872701	2,512
47.079	3600	OREGON STATE UNIVERSITY	S1315A-C AM05	92,845
47.079	3600	US CIVILIAN RESEARCH AND DEVELOPMENT FDN	RUG1-7084-PA-13	14,889
47.080	3600	UNIVERSITY OF ILLINOIS	2010-07196-04 AM04	3,581
47.080	3600	UNIVERSITY OF ILLINOIS	2010-07196-04 AM05	158,809
64.000	3600	SINCLAIR ADVISORY GROUP LLC	MOD 02	119,391

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66.000	3600	DEPARTMENT OF ENVIRONMENTAL QUALITY	C796 AM07	790
66.000	3600	HEALTH EFFECTS INSTITUTE	4945-RFA13-1/14-6	197,962
66.000	3600	LANE REGIONAL AIR PROTECTION AGENCY	LRAPA 14-10-02	223,809
66.000	3600	SKAGIT COUNTY PUBLIC WORKS DEPT	C20150023	2,824
66.000	3650	FUNGI PERFECTI LLC	WSU002282	16
66.000	3650	ROSS STRATEGIC	GS-00F-0045P	3,665
66.034	3600	NTNL ENVIRONMENTAL EDUCATION FNDTN	UW BUD# 674745	604
66.120	3600	CITY OF SEATTLE	ORGU2181ACCT741190ACTU	32,279
66.123	3600	THE NATURE CONSERVANCY	WA-S-130917-019-2	37,827
66.123	4610	Coastal Watershed Institute	PC-00329801-0	397
66.509	3600	WATER ENVIRONMENT RESEARCH FOUNDATION	UW BUD# 666526	66,249
66.509	3650	CA INST OF TECH	68F1088313	46,892
66.509	3650	CO ST UNIV FED FLOW	G58681	45,462
66.605	3650	ID DEPT OF ENVIR QUAL FED FLOW	C794	156,273
81.000	3600	ALSTOM GRID, INC.	3481-4700190350 AM01	-735
81.000	3600	ARGONNE NATIONAL LABORATORY	2F-31381 MOD02	3,675
81.000	3600	ARGONNE NATIONAL LABORATORY	4F-30041 SM004	50,697
81.000	3600	ARGONNE NATIONAL LABORATORY	4F-32142	51,802
81.000	3600	ARGONNE NATIONAL LABORATORY	5F-30581	22,355
81.000	3600	BATTELLE MEMORIAL INST	CONTRACT96824MOD06MA75	23,429
81.000	3600	BATTELLE MEMORIAL INST	TO 108989 MOD05	24,761
81.000	3600	BATTELLE MEMORIAL INSTITUTE	75501 TO237580 MOD01	40,729
81.000	3600	BATTELLE MEMORIAL INSTITUTE	TO#177999 MOD02	7,845
81.000	3600	BATTELLE PACIFIC NORTHWEST DIVISION	243766TASKORDER256926	2,123
81.000	3600	BATTELLE PACIFIC NW LABS	21701 MOD14	54,423
81.000	3600	BATTELLE PACIFIC NW LABS	MASTER75501TO227101	36,194
81.000	3600	BATTELLE PACIFIC NW LABS	TO160891MSTR75501MOD03	-52
81.000	3600	BATTELLE PACIFIC NW NATIONAL LAB	172543 MOD03	18,800

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81.000	3600	BONNEVILLE POWER ADMINISTRATION	65315	150,454
81.000	3600	BROOKHAVEN SCIENCE ASSOCIATES, LLC	280204	48,312
81.000	3600	CLEMSON UNIVERSITY	1725-205-2010044 AM01	19,107
81.000	3600	FERMI NTL ACCELERATOR LAB	PO #621430	8,561
81.000	3600	KRELL INSTITUTE	UW BUD# 800401	97,743
81.000	3600	KRELL INSTITUTE	UW BUD# 807394	79,137
81.000	3600	LAWRENCE LIVERMORE NATIONAL LABORATORY	B611721	16,061
81.000	3600	MISSION SUPPORT ALLIANCE, LLC	55190	188,609
81.000	3600	NATIONAL RENEWABLE ENERGY LABORATORY	XHD-4-42006-01 MOD02	57,849
81.000	3600	OAK RIDGE NATIONAL LABORATORY (ORNL)	4000127504 MOD02	21,132
81.000	3600	PC TRASK AND ASSOCIATES INC	FA48556 AM08	19,706
81.000	3600	SANDIA NATIONAL LABORATORIES	1038388 MOD07	7,683
81.000	3600	STANFORD UNIVERISTY	113484 MOD02	62,489
81.000	3600	THE REGENTS OF THE UNIV OF CALIFORNIA	7074345 MOD01	296,588
81.000	3600	UNIV OF CA, ERNEST ORLANDO	6700882 MOD24	594,424
81.000	3600	UNIV OF CA, ERNEST ORLANDO	6700882 MOD24-D	24,648
81.000	3600	UNIVERSITY OF NEW MEXICO	889186-874J AM10	105,809
81.000	3600	UT BATTELLE, LLC	4000093555 M0D14	214,674
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	38705136	24,667
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XEA32324801	13,069
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XFA11165201	3,903
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	XGB22220401	42,225
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	ZEA-4-42204-01	24,047
81.000	3650	ALLIANCE SUSTAINABLE ENERGY	ZFT04064401	103,104
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00014002	317,929
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00126553	267,073
81.000	3650	BATTELLE ENERGY ALLIANCE FED F	00127427	303,007

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81.000	3650	BATTELLE ENERGY ALLIANCE FED F	RELEASE00022	294,817
81.000	3650	BATTELLE LABS	104976	-1,310
81.000	3650	BATTELLE LABS	109822	10,018
81.000	3650	BATTELLE LABS	109823	39,001
81.000	3650	BATTELLE LABS	118074	153,477
81.000	3650	BATTELLE LABS	130236	166
81.000	3650	BATTELLE LABS	133177	-1
81.000	3650	BATTELLE LABS	142361	-12,384
81.000	3650	BATTELLE LABS	154955	69,925
81.000	3650	BATTELLE LABS	162817	45,945
81.000	3650	BATTELLE LABS	171377	63,991
81.000	3650	BATTELLE LABS	172660	50,560
81.000	3650	BATTELLE LABS	193650	13,610
81.000	3650	BATTELLE LABS	193788	12,500
81.000	3650	BATTELLE LABS	195572	8,281
81.000	3650	BATTELLE LABS	198288	3,703
81.000	3650	BATTELLE LABS	201044	3,688
81.000	3650	BATTELLE LABS	202042	4,851
81.000	3650	BATTELLE LABS	203649	38,657
81.000	3650	BATTELLE LABS	203920	186,218
81.000	3650	BATTELLE LABS	205993	12,000
81.000	3650	BATTELLE LABS	218529	7,502
81.000	3650	BATTELLE LABS	219144	7,507
81.000	3650	BATTELLE LABS	221391	19,884
81.000	3650	BATTELLE LABS	225988	19,588
81.000	3650	BATTELLE LABS	225998	45,586
81.000	3650	BATTELLE LABS	227795	26,082
81.000	3650	BATTELLE LABS	230190	6,898

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81.000	3650	BATTELLE LABS	232527	4,227
81.000	3650	CASCADE ENERGY ENGINEERING INC	0040	-264
81.000	3650	CASCADE ENERGY ENGINEERING INC	0182	261
81.000	3650	CHENEGA GOVERNMENT CONSULTING	270031SUBWSU5	-133,535
81.000	3650	CITY OF SEATTLE	OSE1018	125,173
81.000	3650	CITY OF SEATTLE	OSE1145	44,006
81.000	3650	HYDRO RESEARCH FOUNDATION	WSU002135	9,250
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	1566121	6
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	252595	24,652
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	4792600109	-1,018
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	7496200109	4,266
81.000	3650	LOS ALAMOS NAT'L SECURITY LLC	8446100110	15,028
81.000	3650	MISSION SUPPORT ALLIANCE LLC	51419	69,167
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	M766_WSU002620	20,146
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	WSU002572	18
81.000	3650	OREGON BUILT ENVIRON & SUSTAIN	WSU002634	11,869
81.000	3650	PROJECT PERFORMANCE CORP	1511WSU01	742
81.000	3650	PUGET SOUND CLEAN AIR AGCY	2008001	-15,780
81.000	3650	SANDIA NAT'L LAB FED	1072147	6,215
81.000	3650	SANDIA NAT'L LAB FED	1316643	58,335
81.000	3650	SAVANNAH RIVER NUCLEAR LLC	0000114311	101,538
81.000	3650	THURSTON REGIONAL PLNG COUNCIL	WSU001294	6,585
81.000	3650	UNIV OF CA DAVIS	01625878	7,047
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	6833311	-4,743
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	6962257	1,821
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	7049758	190,749
81.000	3650	UNIV OF CA-BERKELEY FED FLOW	7072054	28,264
81.000	3650	UNIV OF CENTRAL FL	268378	74,146

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81.000	3650	UNIV OF IL FED FLOW	2012_05926_01	33,581
81.000	3650	UT-BATTELLE LLC FED FLOW	4000128151	41,043
81.000	3650	UT-BATTELLE LLC FED FLOW	400112928	176,815
81.000	3700	Kal Tr-Bull Trout 13-14	2007-246-00 #47330	1,750
81.000	3700	Kal Tr-Bull Trout 14-15	2007-246-00 #64984	109,839
81.000	3700	Spo Tr-Micro-invertebrate	65008 PRJ 1994-043-00	4,586
81.000	3700	Spo Tribe-BPA Lake Roosevelt 14-15	1994-043-00 #00062338	78,212
81.000	3700	Spo Tribe-BPA Lk Roosevelt 13-14	1994-043-00	27,608
81.000	3700	UCUT Monitoring 14-15	200800700	113,736
81.000	3700	UCUT-Monitoring 15-16	200800700	30,155
81.000	4610	National Fish and Wildlife	0201.15.045261	52,335
81.000	4610	National Fish and Wildlife Foundation	0201.13.039722	37,586
81.000	4770	Oregon Dept of Fish & Wildlife	314-14	304,231
81.000	4770	Oregon Dept of Fish & Wildlife	391-13	129,341
81.000	4770	Pacific States Marine Fisheries Commission	14-42	99,089
81.000	4770	Pacific States Marine Fisheries Commission	14-47	27,780
81.000	4770	Pacific States Marine Fisheries Commission	14-55	21,170
81.000	4770	Pacific States Marine Fisheries Commission	14-68	8,005
81.000	4770	Pacific States Marine Fisheries Commission	14-93	549,850
81.000	4770	Pacific States Marine Fisheries Commission	14-94	21,150
81.000	4770	Pacific States Marine Fisheries Commission	14-97	71,656
81.000	4770	Pacific States Marine Fisheries Commission	14-98	36,607
81.000	4770	Pacific States Marine Fisheries Commission	15-31G	174,520
81.000	4770	Pacific States Marine Fisheries Commission	15-51G	21,303
81.000	4770	Pacific States Marine Fisheries Commission	15-60G	9,124
81.000	4770	Pacific States Marine Fisheries Commission	15-78G	44,329
81.000	4770	Pacific States Marine Fisheries Commission	15-79G	18,021
81.000	4770	Pacific States Marine Fisheries Commission	15-91G	316,186

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81.000	4770	Pacific States Marine Fisheries Commission	15-92G	16,396
81.000	4770	Pacific States Marine Fisheries Commission	Pending	33,429
81.041	3650	ID OFFICE OF ENERGY RESOURCES	CON00210"	-285
81.049	3600	BATTELLE MEMORIAL INSTITUTE	124328	197,860
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	95248	21,090
81.049	3600	EAGLE HARBOR TECHNOLOGIES, INC.	96339	3,496
81.049	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2013.0005	28,848
81.049	3600	MARINE BIOLOGICAL LABORATORY	44978 AM003	102,213
81.049	3600	MONTANA STATE UNIVERSITY, BOZEMAN	G140-15-W5072	147,217
81.049	3600	NORTHEASTERN UNIVERSITY	503018 MOD04	2,773
81.049	3600	PRINCETON UNIVERSITY	00001890 MOD04	30,018
81.049	3600	RESEARCH FOUNDATION OF SUNY	63761AM04DESC0009806	11,642
81.049	3600	UNIVERSITY OF CALIFORNIA, LOS ANGELES	0190GQB351 AM01	41,991
81.049	3600	UNIVERSITY OF ILLINOIS	2003-07059-05 AM02	119,552
81.049	3600	UNIVERSITY OF ILLINOIS	20030705905AM01A6929	30,193
81.049	3600	UNIVERSITY OF MINNESOTA	A004527504	90,606
81.049	3600	UNIVERSITY OF MISSOURI-COLUMBIA	C00034442-1 AM01	46,701
81.049	3650	DONALD DANFORTH PLANT SCI CTR	23009-WS	290,396
81.049	3650	DONALD DANFORTH PLANT SCI CTR	DDPSC21017WS	388,990
81.049	3650	FOREST CONCEPTS LLC	WSU002685	18,528
81.049	3650	INNOVATEK INC	10154	289
81.049	3650	UNIV OF MN FED FLOW	A003127004	144,067
81.049	3650	UNIV OF NM	740058874P	136,277
81.049	3700	UCLA-EFRC	0190 G MA598	14,535
81.049A	3600	BATTELLE MEMORIAL INSTITUTE	124328	204,588
81.049A	3600	UNIVERSITY OF ARIZONA	Y551851 AMEND 6	17,199
81.086	3600	GENERAL MOTORS	TCS65292	55,281
81.086	3650	PUGET SOUND CLEAN AIR AGCY	20110140IAA	-246

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81.086	3700	Kal Tr-Bull Trout 15-16	2007-246-00 #68608	17,112
81.086	3700	Kal Tr-Priest Lake 15-16	1997-004-00 #68052	21,354
81.087	3600	BAY AREA PHOTOVOLTAIC CONSORTIUM	60213274-51077-L AM05	37,600
81.087	3600	HUMBOLDT STATE UNIVERSITY	PO# 0007101424	127,313
81.087	3600	OCEAN RENEWABLE POWER COMPANY	CA-14004	121,036
81.087	3600	OCEAN RENEWABLE POWER COMPANY	CA-14004 AM01	96,945
81.087	3600	OREGON STATE UNIVERSITY	G0107A-A AM07	81,478
81.087	3600	OREGON STATE UNIVERSITY	G0107A-A AM08	8,661
81.087	3600	OREGON STATE UNIVERSITY	G0107A-A AM09	92,206
81.087	3600	OREGON STATE UNIVERSITY	G0107K-A AM02	166,182
81.087	3600	OREGON STATE UNIVERSITY	G0128A-A AM03	25,981
81.087	3600	OREGON STATE UNIVERSITY	G0139A-A AM01	38,273
81.087	3600	OREGON STATE UNIVERSITY	G0152A-B	80,014
81.087	3600	STANFORD UNIVERSITY	60213273-51077-K AM05	208,593
81.087	3600	UNIVERSITY CORP FOR ATMOSPHERIC RESEARCH	Z13-13583 MOD03	43,826
81.087	3600	UNIVERSITY OF HAWAII MANOA	MA140025	23,318
81.087	3600	UNIVERSITY OF HAWAII MANOA	MA140025 MOD01	62,331
81.087	3650	PORT OF BENTON	WSU002046	262,225
81.087	4900	Arizona Geological Survey	DE-EE0002850	12,000
81.089	3600	UNIVERSITY OF WISCONSIN-MADISON	424K340 UW	52,030
81.089	3650	MT ST UNIV - BOZEMAN	G12912W3521	80,288
81.106	2250	Western Governors Association	C130047FED	57,738
81.112	3650	CARNEGIE INSTITUTION WASHINGTO	4_10469_23	26,521
81.119	3650	ID OFFICE OF ENERGY RESOURCES	CON00205	-5,041
81.121	3650	BATTELLE LABS	224075	36,445
81.122	3650	AZ ST UNIV FED FLOW	11453	6,501
81.122	3650	MS ST UNIV	06070036201402	79,302

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81.122	3650	UNIV OF IL FED FLOW	20100125103	395,454
81.122	3650	UNIV OF MN FED FLOW	A000211585	-643
81.135	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002985435	423,018
81.135	3650	CORNELL UNIV NON FED	653029807	182,711
81.135	3650	UNIV OF MASS/AMHERST FED FLOW	12006903B00	99,082
81.999	3650	UNIV OF CENTRAL FL	20126094	0
81.999	3650	UNIV OF CENTRAL FL	252858	4,207
84.000	3600	CAROLINAS MEDICAL CENTER	H133A080035 AM03	15,481
84.000	3600	FEDERAL LEADERSHIP INSTITUTE	ED-OII-11-Q-0023	-11,904
84.000	3600	MATHEMATICA POLICY RESEARCH, INC.	40412S04256	410,807
84.000	3600	SEATTLE PUBLIC SCHOOLS	75-13524	148,689
84.027	3750	NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT	1211300005/1211300006	22,047
84.027	3750	NORTH CENTRAL EDUCATIONAL SERVICE DISTRICT	121140007/1211400008	159,291
84.027	3760	OSPI-SECTION 611	03277380	168,510
84.048	6990	SBCTC	#131-PRK-15	2,000
84.101	6990	Tulalip Tribes	V101A010017-03A	114,265
84.133	3600	ALBERT EINSTEIN HEALTHCARE NETWORK	H133A120037 MOD02	10,279
84.133	3600	MSNW LLC	80831	1,141
84.173	3760	OSPI- SECTION 619	28901	28,901
84.215	3650	WASHOUGAL SCHOOL DIST	9971200123	2,067
84.264	3600	UNIVERSITY OF MASSACHUSETTS BOSTON	S2015-29486-002	164,250
84.283	3600	EDVANCE RESEARCH, INC.	SOW002	100,622
84.283	3600	EDVANCE RESEARCH, INC.	SOW003	104,543
84.305	3600	AMERICAN INSTITUTES FOR RESEARCH (AIR)	01105-03230 MOD02	120,870
84.305	3650	BINGHAMTON UNIV	618101104345	95,471
84.324	3600	UNIV OF KENTUCKY	3048108226-12-338 AM04	4,367
84.324	3600	UNIVERSITY OF FLORIDA	UFDSP00010173 AM03	13,811

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84.324	3600	UNIVERSITY OF OKLAHOMA	RS20110522-10	52
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20110522-13	379,684
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20120590-05	33
84.324	3600	UNIVERSITY OF OKLAHOMA	RS20120590-09	277,041
84.325	3600	MONTCLAIR STATE UNIVERSITY	H325T110012-UOW AM03	18,315
84.334	6990	Washington State University	117625 G003273	554
84.366	3600	THE OHIO STATE UNIVERSITY RESEARCH FOUN	60036991 AM02	40,188
84.366	3650	EDUC SVC DIST #112	165527700422	33,604
84.366	3650	EDUC SVC DIST #112	700300044	6,943
84.366	3650	EDUC SVC DIST #112	700300056	-7
84.366	3650	EDUC SVC DIST #112	7004000083	9,715
84.366	3650	EDUC SVC DIST #112	7004000096	1,096
84.366	3650	EDUC SVC DIST #112	700960035	8,704
84.367	3600	NATIONAL WRITING PROJECT	92-WA03-SEED2012 AM02B	6,865
84.367	3600	NATIONAL WRITING PROJECT	92-WA03-SEED2012 AM03	13,278
84.367	3750	UNIVERSITY OF CALIFORNIA	92-WA02-SEED2012#2A	13,311
84.367	3750	UNIVERSITY OF CALIFORNIA	92-WA02-SEED2012#3A	10,166
84.396	3600	BEAVERTON SCHOOL DISTRICT	BSD REF#10-0025	12,063
84.396	3600	BELLEVUE SCHOOL DISTRICT	A58405	154,672
84.405	3600	HERITAGE UNIVERSITY	U405A100020	74,502
84.411	3600	NAT'L BOARD FOR PROF TEACHING STAND, INC	1302036	52,245
84.412	6990	Department of Early Learning	1415 Quality Award	3,393
84.416	3600	HIGHLINE SCHOOL DISTRICT NO.401	B416A130186	109,955
84.416	3600	PUGET SOUND EDUCATIONAL SERVICE DISTRICT	08208	21,942
84.416	3600	PUGET SOUND EDUCATIONAL SERVICE DISTRICT	08739 (YR 3)	370,535
84.928	3600	NTL WRITING PROJECT CORP	92-WA03	9,739
84.928	3600	NTL WRITING PROJECT CORP	92-WA03 AM34	-9,517
93.000	3600	ACCOUNTABILITY SOLUTIONS LLC	AMENDMENT 1	133,642

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93.000	3600	AMERICAN PSYCHIATRIC ASSOCIATION	UW BUD# 800464	66
93.000	3600	ASSOCIATION OF O AND E CLINICS	UW BUD# 660447	51,491
93.000	3600	BEHAVIORAL TECH RESEARCH, INC.	PR1R34TR00047101AM01	-44
93.000	3600	BIODESIGN RESEARCH & DEVELOPMENT	UW BUD# 668787	57,728
93.000	3600	BIOQUAL, INC.	HHSN2722010000061	1,250,085
93.000	3600	BOSTON UNIVERSITY	4500001532	14,530
93.000	3600	BRIGHAM AND WOMEN'S HOSPITAL	106476 AM05	-45,107
93.000	3600	BRIGHAM AND WOMEN'S HOSPITAL	106476AM03PR5U01HL1053	-595
93.000	3600	CASE WESTERN RESERVE UNIVERSITY	RES508088 MOD08	100,362
93.000	3600	CENTER FOR PSYCHOLOGICAL CONSULTATION	UW BUD# 664815	48,650
93.000	3600	CENTER FOR PUBLIC SERVICE COMMUNICATIONS	2014-17	15,656
93.000	3600	CHANGE LAB SOLUTIONS	CDC7001-1-0093-1	9,700
93.000	3600	CHROMOLOGIC LLC	UW BUD# 662478	11,770
93.000	3600	COMPUTERCRAFT CORPORATION	CC FORM SUB UW#1 MOD08	140,993
93.000	3600	COMPUTERCRAFT CORPORATION	SUBCONTRACT UW#2	341,921
93.000	3600	CONFEDERATED TRIBES OF THE COLVILLE RESE	2012-630	44,447
93.000	3600	CORIXA CORP	PO#323870 AM01	227,396
93.000	3600	CSR, INCORPORATED	0002 AM01	92,319
93.000	3600	CSR, INCORPORATED	0003HHSD2002013M53943B	40,549
93.000	3600	DERMAXON LLC	A84239 AM01	30,746
93.000	3600	DIR OF HEALTH PROMOTION AND EDUCATION	12-803000-007	6,513
93.000	3600	DUKE CLINICAL RESEARCH INSTITUTE (DCRI)	SPS162060SITE070AM3	9,733
93.000	3600	ECM TECHNOLOGIES, LLC	UW BUD# 631861	6,959
93.000	3600	EMORY UNIVERSITY	T368014	31,409
93.000	3600	FENWAY COMMUNITY HEALTH	UW BUD# 669187	62,049
93.000	3600	FHCRC	0000724839 AM02	2,031
93.000	3600	FHCRC	0000724839 AM03	10,588

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93.000	3600	FHCRC	000077392 AM01	4,641
93.000	3600	FHCRC	0000800279AM01P50CA097	25,907
93.000	3600	FHCRC	0000825528	55,210
93.000	3600	FHCRC	P30 CA015704-39	12,653
93.000	3600	FHCRC	SA1401034	2,004
93.000	3600	FHCRC	SA1401037	-2
93.000	3600	FHCRC	UW BUD# 630447	26,343
93.000	3600	GROUP HEALTH RESEARCH INSTITUTE	2014138348 MOD01	88,341
93.000	3600	GROUP HEALTH RESEARCH INSTITUTE	HHSN272200800004C	1,739
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	80799HNSA290201000025I	32,489
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	HHSA290201000025L AM01	139,335
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	PJ 80797 T002 AM03	32,498
93.000	3600	HEALTH RESEARCH & EDUCATION TRUST	PROJ80784HHSA290201000	12,383
93.000	3600	IMMUNE TOLERANCE NETWORK	108151	3
93.000	3600	IMMUNE TOLERANCE NETWORK	ITN10212-00SC AM02	-3
93.000	3600	JOHNS HOPKINS UNIVERSITY	PO#2001739762 MOD01	-21,961
93.000	3600	MCKING CONSULTING CORPORATION	UW-04-4568	25,947
93.000	3600	MEDICAL SCIENCE & COMPUTING	1070.001 MOD03	8,139
93.000	3600	MONTEFIORE MEDICAL CENTER	UW BUD# 669370	1,763
93.000	3600	MOUNT SINAI SCHOOL OF MEDICINE	0258-3615-4609 AM02	34,784
93.000	3600	NATIONAL GOVERNORS ASSOCIATION CENTER	110-450-4504 AM03	-47
93.000	3600	NAVASOTA ISD	AM03	26,485
93.000	3600	NEW ENGLAND RESEARCH INSTITUTES, INC. (NERI)	UW BUD# 635905	-5,200
93.000	3600	NEW ENGLAND RESEARCH INSTITUTES, INC. (NERI)	UW BUD# 669766	31
93.000	3600	NEW YORK UNIVERSITY	UW BUD# 660839	16,243
93.000	3600	NORTHWESTERN UNIVERSITY	60028536 UW A03	3,120
93.000	3600	OMNITEC SOLUTIONS, INC.	SA13007PO0001605MOD01	11,210

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93.000	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1003605-UW	63,253
93.000	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1003915-UW	43,859
93.000	3600	OREGON HEALTH & SCIENCE UNIVERSITY	HHSA2901200014ITASKORD	96,864
93.000	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1004354-UWA	184,945
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003725-UW AM01	69,845
93.000	3600	OREGON HEALTH SCIENCES UNIVERSITY	1003917-UW AM01	44,319
93.000	3600	OREGON HLTH SCI UNIV	1004203-UW	70,484
93.000	3600	PATH	DHH15420106611CRTAM02	75,373
93.000	3600	PUBLIC HEALTH - SEATTLE & KING COUNTY	CDIP3869	11,576
93.000	3600	QUALITY BIOLOGICAL, INC.	TO # TOASNHP033	8,695
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268201300071C (E)	11,375
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268201300071CPH24A	28,750
93.000	3600	RADIOLOGICAL SOCIETY OF NORTH AMERICA	HHSN268201300071CX2	17,891
93.000	3600	RTI INTERNATIONAL	TO6312021276851730L	105,442
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWNMR-13596-2	34,807
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWNMR-13597-3	88,204
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPPG-13596-2	187,402
93.000	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPPG-13597-3	839,589
93.000	3600	SEATTLE CHILDREN'S HOSPITAL	PO-414574 AM03	86,207
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10592SUB MOD05	108,482
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10775SUB MOD02	45,164
93.000	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10775SUBPRI2R01DE01822	106,885
93.000	3600	SHEEHAN MEDICAL DEVICE CORPORATION	UW BUD# 630146	45,444
93.000	3600	SHEEHAN MEDICAL DEVICE CORPORATION	UW BUD# 630270	22,555
93.000	3600	SHEEHAN MEDICAL DEVICE CORPORATION	UW BUD# 630817	7,172
93.000	3600	THE EMMES CORPORATION	UW BUD# 660119	18,528
93.000	3600	UNITED WAY OF KING COUNTY	UW BUD# 665529	70,204
93.000	3600	UNIVERSITY OF ALABAMA	000501394-005 AM01	21,653

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93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000438814TO2SC001AM01	41,783
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000500918-T003-011	1,869
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000500918-T005-SC003	8,379
93.000	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000500918T004SC005AM00	137,777
93.000	3600	UNIVERSITY OF CALIFORNIA	7412SC	2
93.000	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	10313800-003	68,880
93.000	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	10313800-004	118,558
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	105125001POSR00008086	1,470
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829141TK1POSR00003	1,297
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829153TK2POSR00003	45,546
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829160TK7POSR00003	5,643
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1058829162TK8POSR00003	4,572
93.000	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1400290 AM01	106,695
93.000	3600	UNIVERSITY OF MINNESOTA	N003448801 AM02	38,344
93.000	3600	UNIVERSITY OF MINNESOTA	P002081501 AM03	2,796
93.000	3600	UNIVERSITY OF MISSOURI-COLUMBIA	UW BUD# 667573	-47
93.000	3600	UNIVERSITY OF OKLAHOMA HEALTH SCIENCES C	2014-4E	310,119
93.000	3600	UNIVERSITY OF OKLAHOMA HEALTH SCIENCES C	C3085101 AM01	48,943
93.000	3600	UNIVERSITY OF OKLAHOMA HEALTH SCIENCES C	N01CN201200013C3092101	103,064
93.000	3600	UNIVERSITY OF PITTSBURGH	0024031-6 AM02	106,930
93.000	3600	UNIVERSITY OF PITTSBURGH	0024031-6 AM03	53,458
93.000	3600	UNIVERSITY OF PITTSBURGH	0024031-6 AMEND 01	13,242
93.000	3600	UNIVERSITY OF ROCHESTER	416105-G	-1,916
93.000	3600	UNIVERSITY OF ROCHESTER	416495-G	31,681
93.000	3600	UNIVERSITY OF ROCHESTER	416501	362,691
93.000	3600	UNIVERSITY OF ROCHESTER	416504	162,168
93.000	3600	UNIVERSITY OF ROCHESTER	416641	144,688
93.000	3600	UNIVERSITY OF SOUTH FLORIDA	6119-1144-00-Z MOD 08	382,512

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93.000	3600	UNIVERSITY OF UTAH	UW BUD# 668661	3
93.000	3600	VPDIAGNOSTICS, INC	UW BUD# 631409	-1,658
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 30225 AM03	134,993
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 30225 AM04	274,071
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM04	-13,064
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM06	1,071
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM07	-2
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM08	315,340
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM09	650
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM11	72,517
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM12	-5,113
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS 33000 AM14	504,745
93.000	3600	WAKE FOREST UNIVERSITY	WFUHS33000SULLIVANAM06	28,785
93.000	3600	WEBER SHANDWICK	UW BUD# 674725	129,064
93.000	3600	WESTAT, INC.	6049.03-S04	15,820
93.000	3600	WESTAT, INC.	6049.03-S04 MOD03	107,091
93.000	3600	WESTAT, INC.	6049.03-S06 MOD01	86,675
93.000	3600	WESTAT, INC.	8846.08-PO-11	1,303
93.000	3600	WESTAT, INC.	HHSS2832012000111	13,379
93.000	3600	WESTAT, INC.	TO2PROJ602002MOD01	22,771
93.000	3600	ZERO TO THREE	2015030061	17,985
93.000	3650	BLAZE BIOSCIENCE	118171	14,268
93.000	3650	INLAND NW HLTH SVCS	3552	22,440
93.000	3650	NATIONAL AHEC ORGANIZATION	WSU002312	258
93.000	3650	NATIONAL AHEC ORGANIZATION	WSU002568	1,442
93.000	3650	NW INDIAN COLLEGE FED FLOW	2421310421000	20,980
93.000	3650	OPTUMHEALTH	46181	35,816
93.000	3650	SEATTLE CHILDREN'S HOSPITAL	10685SUB	321,095

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93.000	3650	UNIV OF CT FED FLOW	UCHC637191497	19,232
93.051	3600	STATE OF OREGON	144448 AM01	20,516
93.061	3600	INVENIO IMAGING, INC	UW BUD# 669281	24,279
93.067	3600	COPTIC HOSPITAL	001-4 AM01	29,294
93.067	3600	COPTIC HOSPITAL	001-5 AM001	203,510
93.067	3600	COPTIC HOSPITAL	0014PR5UGPS00204704	7,231
93.067	3600	COPTIC HOSPITAL	002-4	3,036
93.067	3600	COPTIC HOSPITAL	002-4 AM001	158,256
93.067	3600	COPTIC HOSPITAL	002-5 AM01	44,857
93.067	3600	COPTIC HOSPITAL	002-5 AMO1	231,802
93.067	3600	COPTIC HOSPITAL	003-4	-13,531
93.067	3600	COPTIC HOSPITAL	003-4 AM002	91,877
93.067	3600	COPTIC HOSPITAL	003-4 AM003	20,975
93.067	3600	COPTIC HOSPITAL	003-5 AM01	126,413
93.067	3600	COPTIC HOSPITAL	005-4 AM01	-10,818
93.067	3600	COPTIC HOSPITAL	ADOLESCENT YR01	43,361
93.067	3600	COPTIC HOSPITAL	PMTCT-HEL-YR01	64,463
93.067	3600	NYANZA REPRODUCTIVE HEALTH SOCIETY	109276	3,278
93.067	3600	RTI INTERNATIONAL	2312021273651505LMOD06	15,376
93.067	3600	UNIV OF CA SAN FRANCISCO	7877SCPR5U2GPS00282904	22,042
93.067	3600	UNIV OF CA SAN FRANCISCO	8536SC	63,921
93.067	3600	UNIVERSITY OF CALIFORNIA	6293SC AM08	162,020
93.067	3600	UNIVERSITY OF CALIFORNIA	6293SC AM09	254,721
93.067	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7873SC AM01	158,385
93.067	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7962SC AM01	80,931
93.067	3600	UNIVERSITY OF CALIFORNIA, SANFRANCISCO	8534SC5U2GPS00282905	190,660
93.067	3600	UNIVERSITY OF CALIFORNIA, SANFRANCISCO	8566SC	94,420
93.067	3600	UNIVERSITY OF CALIFORNIA, SANFRANCISCO	8566SC AM01	10,734

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93.067	3600	UNIVERSITY OF NAIROBI	UW BUD# 673162	222,180
93.067	3600	UNIVERSITY OF NEW MEXICO	3RV84PRIMEU2GGH000985	11,867
93.069	3650	KING CNTY	PREP3563	5,000
93.070	3600	NTNL ENVIRONMENTAL EDUCATION FNDTN	UW BUD# 675043	2,032
93.074	3600	LOS ANGELES COUNTY	PH-002436	-507
93.074	3600	LOS ANGELES COUNTY	PH-002436 AM02	-5,475
93.077	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13106601 AM03	61,882
93.093	2350	WDCA	12/679-HHS	35,487
93.093	6990	ABT Associates	HPOGV2 MOU#40830	26,618
93.093	6990	WDC - Seattle King County	C754E15081710010	189,586
93.103	3600	UNIVERSITY OF ROCHESTER	416209-G	8,778
93.103	3600	UNIVERSITY OF ROCHESTER	416542-G AM01	43,495
93.103	3650	UNIV OF CA DAVIS	0800294706	522
93.107	3600	MONTANA STATE UNIVERSITY - AHEC	G170-15-W4654	10,963
93.107	3600	UNIV OF ALASKA ANCHORAGE	P0481873 AM01	8,552
93.107	3600	UNIV OF ALASKA ANCHORAGE	U77HP23073-03-00	2,758
93.110	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11043SUB	27,059
93.110	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11258SUB	9,147
93.110	3600	UAA CENTER FOR HUMAN DEVELOPMENT	P0424035B AM003	-1,277
93.110	3600	UCLA COMMUNITY HEALTH SERVICES	1920 G RA028 AM01	15,027
93.110	3600	UNIVERSITY OF ALASKA ANCHORAGE	P0424035B AM004	25,090
93.113	3600	BATTELLE PACIFIC NW LABS	TO141096MA75501MOD09	81,580
93.113	3600	BROWN UNIVERSITY	00000544 AM04	104,435
93.113	3600	HARVARD SCHOOL OF PUBLIC HEALTH	23570.114018 AM05	43,078
93.113	3600	PACIFIC NORTHWEST NATIONAL LABORATORY (PNNL)	UW BUD# 667241	-10,212
93.113	3600	PUBLIC HEALTH INSTITUTE	1019929 AM01	175,448
93.113	3600	RUSH UNIVERSITY MEDICAL CENTER	5R21ES02040402AM02	25,344

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93.113	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10387 SUB MOD02	46,767
93.113	3600	THE JOHNS HOPKINS UNIVERSITY	2002301818 AM02	361,409
93.113	3600	UCLA-MEDICINE-CARDIOLOGY	1553 G MC571 AM04	-933
93.113	3600	UCLA-MEDICINE-CARDIOLOGY	1553 G MC571 AM05	9,379
93.113	3600	UNIVERSITY OF CALIFORNIA BERKELEY	00008559AM01POBB004803	9,542
93.113	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	54235481	94,264
93.113	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-15-190	40,792
93.113	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU13183MOD4PO2917435WA	65,600
93.113	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU15146PO2922838Y	13,039
93.121	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14100801 AM01	859
93.121	3600	BOSTON MEDICAL CENTER	BMC4312AM01R56DE024350	89,486
93.121	3600	CASE WESTERN RESERVE UNIVERSITY	RES509541	91,780
93.121	3600	CHILDREN'S HOSPITAL AND REGIONAL MED CTR	10826SUB MOD01	5,218
93.121	3600	KAISER FOUNDATION RESEARCH INSTITUTE	AM 04	77,777
93.121	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPC-15542	102,670
93.121	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPC-15542-A	195,137
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	10776SUB	-101,569
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	10994SUB	211,621
93.121	3600	SEATTLE CHILDREN'S HOSPITAL	11242SUB	26,561
93.121	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10705SUB MOD02	117,186
93.121	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11136SUBPRIME5R01DE022	3,882
93.121	3600	THE FORSYTH INSTITUTE	UWASH023608-2455 AM01	30,425
93.121	3600	UCLA DENTISTRY	1350 G SA445 AM01	152,507
93.121	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-32965 AM01	5,115
93.121	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5032965 AM02	62,918
93.121	3600	UNIVERSITY OF ALABAMA	000412838-013	80,382
93.121	3600	UNIVERSITY OF MINNESOTA, TWIN CITIES	P001901001AM01	4,844
93.121	3600	UNIVERSITY OF ROCHESTER	416624-G	9,191

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93.121	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	43408029 AM01	141,265
93.142	3600	UCLA	2105 G HB431 AM05	13,938
93.142	3600	UCLA	2105 G NA299 AM03	17,277
93.142	3600	UCLA	2105 G NA299 AM04	125,278
93.142	3600	UCLA	UW BUD# 674940	40,118
93.142	3600	UCLA	UW BUD# 674941	60,402
93.142	3600	UCLA	UW BUD# 674942	52,060
93.143	3600	EDENSPACE SYSTEMS CORPORATION	5R43ES02009903MOD01	9,181
93.143	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007683AM02P42ES00470	13,633
93.155	3600	NATIONAL RURAL HEALTH ASSOCIATION	UA9RH26027-02-00	31,946
93.161	3600	AMERICAN COLLEGE OF MEDICAL TOXICOLOGY	PRIME 1U61TS000238-01	47,412
93.161	3600	AMERICAN COLLEGE OF MEDICAL TOXICOLOGY	U61TS000238-R10-01	58,388
93.172	3600	BOSTON UNIVERSITY	4500001599	26,675
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	20131565175U01HG006375	31,996
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	2014201550	343,583
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	2014201721	22,139
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	2014201725	15,920
93.172	3600	GROUP HEALTH RESEARCH INSTITUTE	5U01HG00637503MOD01	30,261
93.172	3600	JOHN HOPKINS UNIVERSITY	2000752483 AM01	-56,254
93.172	3600	KAISER FOUNDATION RESEARCH INSTITUTE	UM1HG007292 AM02	449,232
93.172	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10462SUB MOD04	150,901
93.172	3600	THE JACKSON LABORATORY	PRIME1U41HG00749701	120,483
93.172	3600	THE JACKSON LABORATORY	TBIAM01PRIME5U41HG0074	177,255
93.172	3600	THE REGENTS OF UNIV OF CA-SANTA CRUZ	S0183592 AM02	5,430
93.172	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00133053RFS2014045AM	11,793
93.172	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00226505RFS2015053AM	149,724
93.172	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-14-330 PO#2923442	51,541
93.172	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-15-193 MOD01	214,708

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93.172	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-15-329	103,081
93.173	3600	DUKE UNIVERSITY	184791/207424 AM04	9,626
93.173	3600	FHCRC	779671	3,398
93.173	3600	NORTHWESTERN UNIVERSITY	SP0011426PROJ0003112AM	47,845
93.173	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1004469_UWA	3,764
93.173	3600	VANDERBILT UNIVERSITY	2740-018251	102,174
93.213	3600	BASTYR UNIVERSITY	H33B11-03 (5)	11,919
93.213	3600	BASTYR UNIVERSITY	H34B11-01 (4) AM04	288,715
93.213	3600	GROUP HEALTH COOPERATIVE	2014158800 MOD02	20,834
93.213	3600	GROUP HEALTH RESEARCH INSTITUTE	2014101502 MOD02	25,858
93.213	3650	MT ST UNIV - BOZEMAN	G12314W4178	77,160
93.223	3600	NATIONAL RURAL HEALTH ASSOCIATION	1UA9RH260270100AM01	6,379
93.224	3600	NATIONAL GOVERNORS ASSOCIATION CENTER	110-450-4506	11,556
93.224	3600	PUBLIC HEALTH-SEATTLE & KING COUNTY	CHS2923 AM02	37,670
93.224	3600	PUBLIC HEALTH-SEATTLE & KING COUNTY	CHS3779	28,407
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2014162855 MOD01	203,381
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2014194266	94,756
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2015130488	9,627
93.226	3600	GROUP HEALTH RESEARCH INSTITUTE	2015137183	23,484
93.226	3600	INDIANA UNIVERSITY	N86441 AM04	47,675
93.226	3600	INDIANA UNIVERSITY	T148123 AM02	16,754
93.226	3600	KAISER FOUNDATION HEALTH PLAN OF GEORGIA	SUBCONTRACT AM06	520,393
93.226	3600	NORTHWESTERN UNIVERSITY	60031412 UW A02	48,541
93.226	3600	NORTHWESTERN UNIVERSITY	60031412 UW AM01	11,642
93.226	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11123SUB	51,629
93.226	3600	SOCIETY OF NUCLEAR MEDICINE	AHRQ-001	30,622
93.226	3600	UNIVERSITY OF CHICAGO	FP047367-B AM03	160,808
93.226	3600	UNIVERSITY OF CHICAGO	FP047367-B AM04	8,936

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93.226	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00141925/RFS2014086	3,129
93.226	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00212183RFS2015015AM	49,699
93.226	3600	UNIVERSITY OF NORTH CAROLINA	5-31352 AM05	7,205
93.231	3600	ALASKA NATIVE TRIBAL HEALTH CONSORTIUM	ANTHC10P27690MOD005	23,744
93.231	3600	NORTHWEST INDIAN COLLEGE	NWIC2421310422000MOD04	1,854
93.233	3600	BRIGHAM AND WOMEN'S HOSPITAL	108591	8,615
93.233	3600	BRIGHAM AND WOMEN'S HOSPITAL	108591 AM01	30,250
93.233	3650	UNIV OF CA DAVIS	20130078701	15,290
93.236	3600	MONTANA DEPT OF PUBLIC HLTH & HUMAN SVC	14-07501-690 REN01	198,584
93.242	3600	BOSTON MEDICAL CENTER	2769 AM02	21,183
93.242	3600	CENTER FOR HEALTH POLICY	12-NIH-1091 AM04	126,176
93.242	3600	CORNELL UNIVERSITY	14030408	121,187
93.242	3600	DUKE UNIVERSITY	2033849PRIME7R01MH0943	44,292
93.242	3600	EMORY UNIVERSITY	T092029 AM01	66,626
93.242	3600	EMORY UNIVERSITY	T264309 AM02	273,364
93.242	3600	FHCRC	0000809660	8,953
93.242	3600	FHCRC	0000823455	4,284
93.242	3600	GROUP HEALTH RESEARCH INSTITUTE	2014187139 MOD01	48,507
93.242	3600	GROUP HEALTH RESEARCH INSTITUTE	2014199560 MOD01	3,699
93.242	3600	MASSACHUSETTS GENERAL HOSPITAL	222572 AM01	148,399
93.242	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-6411-4609	1,795
93.242	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-6412-4609 AM01	28,239
93.242	3600	SAINT LOUIS UNIVERSITY	00021507-1	2,674
93.242	3600	SEATTLE CHILDREN'S HOSPITAL	10001SUB MOD05	-5
93.242	3600	SEATTLE CHILDREN'S HOSPITAL	10728SUB MOD01	20,438
93.242	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10955SUB	230,303
93.242	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10955SUB MOD01	134,327
93.242	3600	THE JOHNS HOPKINS UNIVERSITY	JHUPO2001624392MOD02	-428

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93.242	3600	TULANE UNIVERSITY	TUL-HSC-487-13/14	58,269
93.242	3600	TULANE UNIVERSITY	TUL-HSC-487-13/14 AM01	292,124
93.242	3600	UC DAVIS	201121762-03	208,379
93.242	3600	UC DAVIS	201121762-03 AM03	1,118,617
93.242	3600	UC DAVIS	201223026-01 AM01	18,407
93.242	3600	UNIV OF CA SAN FRANCISCO	7945SC AM01	22,976
93.242	3600	UNIV OF CA SAN FRANCISCO	8358SC	13,397
93.242	3600	UNIV OF CALIFORNIA, SAN DIEGO	60166636	31,481
93.242	3600	UNIVERSITY OF NAIROBI	4R25MH099132-02	14,257
93.242	3600	UNIVERSITY OF NAIROBI	5R25MH099132-03	76,713
93.242	3600	UNIVERSITY OF NORTH CAROLINA	5-33749 AM01	22,462
93.242	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-12-281-MOD-5 AM05	69,998
93.242	3600	WEST VIRGINIA UNIVERSITY	14-716-UW	31,194
93.242	3650	CHILDREN'S HOSPITAL BOSTON	0000505700	83,458
93.242	3650	ROCKEFELLER UNIVERSITY	5R01MH04125625	32,999
93.243	3600	KING COUNTY DCHS	T03353T/518361AM1	-58
93.243	3600	NTL COUNCIL FOR COMMUNITY BEHAVIOAL	AMENDMENT # A2	11,976
93.243	3600	UTAH DEPARTMENT OF HUMAN SERVICES	156197	35,154
93.243	3600	YOUTH SUICIDE PREVENTION PROGRAM	5 U79 SM 060393 AM03	7,949
93.243	3650	CLARK COUNTY	2013A14	9,637
93.243	3650	JUSTICE RESOURCE INSTITUTE	WSU002569	45,044
93.243	3650	SPOKANE COUNTY SUPERIOR COURT	130286	27,390
93.243	3650	UNIV OF CT FED FLOW	UCHC645265015	32,153
93.262	2350	Univ. of Wisconsin	143405505	3,889
93.262	3600	NORTHEASTERN UNIVERSITY	500326-78050 MOD02	169,969
93.262	3600	UCLA EPIDEMIOLOGY	1935 G PA501 AM02	1,561
93.262	3650	RSCH FNDN SUNY-BUFFALO FED	R799210	7,578
93.262	3650	RSCH FNDN SUNY-BUFFALO FED	R867271	6,580

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93.262	3700	CPWR-Safety Voice SAVE 2014-15	3001-612-01	115,832
93.262	3700	CPWR-Workplace Solutions 13-14	3001-011-02 Amend #1	15,069
93.273	3600	CORNELL UNIVERSITY	69951-10233 AM01	39,172
93.273	3600	GROUP HEALTH RESEARCH INSTITUTE	2013165591PR5R01AA0187	2,240
93.273	3600	GROUP HEALTH RESEARCH INSTITUTE	2014187143	11,202
93.273	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1002432_UW AM01	30,157
93.273	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1002432_UW AM02	55,130
93.273	3600	PENNSYLVANIA STATE UNIVERSITY	4332-UW-DHHS-2529 AM05	130,872
93.273	3600	RUTGERS UNIVERSITY	4046 MOD05	25,072
93.273	3600	SEATTLE CHILDREN'S HOSPITAL	11236SUB	1,102
93.273	3600	UNIVERSITY OF HOUSTON	R-12-0031 AM03	4,406
93.273	3600	UNIVERSITY OF HOUSTON	R-12-0031 AM05	72,522
93.276	3750	KITTITAS COUNTY COMMUNITY NETWORK AND COALITION	MEMORANDUM OF UNDERSTA	1,615
93.279	3000	WESTAT-NIDA	B02B20	81,425
93.279	3000	WESTAT-NIDA	B03C0	18,856
93.279	3600	BOSTON MEDICAL CENTER	4457PRIME1R01DA0377680	27,552
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	5R01DA025651 MOD04	141,067
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	MOD02PRIME5R01DA025651	165,138
93.279	3600	FATHER FLANAGAN'S BOYS' HOME	MOD03PRIME5R01DA025651	59,084
93.279	3600	FHCRC	0000810467	135,919
93.279	3600	NORTHWEST INDIAN COLLEGE	#24215 MOD05	4,784
93.279	3600	NORTHWEST INDIAN COLLEGE	NWIC# 24214 MOD04	6,558
93.279	3600	SCRIPPS RESEARCH INSTITUTE	PO 5-50680 MOD01	151,074
93.279	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10796SUB MOD01	15,093
93.279	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11062SUB	33,802
93.279	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11062SUB MOD01	2,324
93.279	3600	SUNY	R86202 AM02	21,326

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93.279	3600	SUNY	R908941 AM01	21,326
93.279	3600	UNIVERSITY OF ARKANSAS FOR MEDICAL SCIEN	37223 AM03	3,069
93.279	3600	UNIVERSITY OF MARYLAND	SR00002142 AM03	20,982
93.279	3600	UNIVERSITY OF NEW MEXICO	3RW19 AMO1	35,388
93.279	3600	UNIVERSITY OF PENNSYLVANIA	559642 AM2	163,685
93.279	3600	UNIVERSITY OF PITTSBURGH	0039039 (124354-3)	3,580
93.279	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	61875882PRIME7P01DA035	61,283
93.279	3600	UNIVERSITY OF UTAH	10030628 AM01	31,951
93.279	3600	UNIVERSITY OF UTAH	A80120	343
93.279	3600	VIRGINIA COMMONWEALTH UNIVERSITY	PT103743-SC101985 AM06	115,054
93.279	3650	PACIFIC INST FOR RES & EVAL	R01DA015966	13,530
93.279	3650	RESEARCH TRIANGLE INSTITUTE	13400212645	60,216
93.282	3600	DARTMOUTH COLLEGE	1543	65,806
93.283	3600	NATL ASSOC OF CHRONIC DISEASE DIRECTORS	1472014	75,923
93.283	3600	NATL ASSOC OF CHRONIC DISEASE DIRECTORS	1722013	67,322
93.286	3600	EMORY UNIVERSITY	T087260 AM01	53,357
93.286	3600	LODESPIN LABS LLC	A78130 AM01	155,131
93.286	3600	PROGRAM FOR APPROPRIATE TECH IN HEALTH	NIH16510206104CRTAM01	4,501
93.286	3600	STANFORD UNIVERISTY	60041595-47512-A AM03	34,050
93.286	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007673 AM03	125,575
93.286	3600	UNIVERSITY OF NEW MEXICO HEALTH SCI CTR	3RD13 AM03	-1,075
93.286	3600	WEST FACE MEDICAL DEVICES, INC.	UW OSP #A78020	13,706
93.286	3600	XIGEN LLC	UW BUD# 666340	-593
93.300	3600	GEORGE WASHINGTON UNIVERSITY	15M225U81HP264930200	11,362
93.301	3600	FHCRC	0000750946 AM02	-4,702
93.307	3600	GROUP HEALTH COOPERATIVE	2014186455	62,850
93.307	3600	GROUP HEALTH COOPERATIVE	2015140008	35,325
93.307	3600	UNIVERSITY OF MINNESOTA	N004207301	15,319

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93.310	3600	BROAD INSTITUTE, INC.	5610221-5500000695	217,642
93.310	3600	DUKE UNIVERSITY	203-3161 AM01	3,934
93.310	3600	GROUP HEALTH RESEARCH INSTITUTE	2013163266	1,592
93.310	3600	HUGO MOSER RESEARCH INSTITUTE	1 UH2 TR 000966-01	131,054
93.310	3600	UNIVERSITY OF MICHIGAN	3003130741 AM01	6,728
93.310	3600	UNIVERSITY OF NAIROBI	PRIME #5R24TW008907-04	11,299
93.310	3600	UNIVERSITY OF NAIROBI	PRIME 5R24TW008907-05	91,878
93.310	3600	YALE UNIVERSITY	M15A11842 (A10137)	60,984
93.333	3600	SOUTHCENTRAL FOUNDATION	SCF2013-087	17,130
93.350	3600	ENTOX SCIENCE LLC	UW BUD# 631729	14,621
93.351	3600	EMORY UNIVERSITY	T085692	-3,690
93.351	3600	EMORY UNIVERSITY	T248414 AM01	238,730
93.351	3600	UNIVERSITY OF MASSACHUSETTS	14-007879-A01 AM02	92,112
93.359	3600	UIC	E4915 491423 AM	9,119
93.361	3600	BAYLOR COLLEGE OF MEDICINE	5600848534 AM02	36,557
93.361	3600	DANA-FARBER CANCER INSTITUTE	1215007 AM05	77,101
93.361	3600	DUKE UNIVERSITY	203-8769	1,854
93.361	3600	MASSACHUSETTS GENERAL HOSPITAL	217966 AM04	25,736
93.361	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10171SUB MOD05	37,720
93.361	3600	THE JOHNS HOPKINS UNIVERSITY	20001433044 AM03	10,580
93.361	3600	UNIVERSITY OF MISSOURI-COLUMBIA	C00043419-2 AM01	18,387
93.393	3600	BECKMAN RESH. INST. OF THE CITY OF HOPE	000508050-006	4,707
93.393	3600	BECKMAN RESH. INST. OF THE CITY OF HOPE	22390.914991.6698 AM01	1
93.393	3600	BECKMAN RESH. INST. OF THE CITY OF HOPE	22390.914991.6698 AM03	4,232
93.393	3600	FHCRC	0000765835 AM01	53,111
93.393	3600	FHCRC	0000778568 AM01	9,489
93.393	3600	FHCRC	0000779798 AM01	1,366
93.393	3600	FHCRC	0000784792	9,218

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93.393	3600	FHCRC	0000784935 AM02	2,096,416
93.393	3600	FHCRC	0000785650PR5U01CA1633	12,900
93.393	3600	FHCRC	0000785702	5,396
93.393	3600	FHCRC	0000785703	5,429
93.393	3600	FHCRC	0000788266	6,387
93.393	3600	FHCRC	0000788393	10,402
93.393	3600	FHCRC	0000790580 AM03	34,356
93.393	3600	FHCRC	0000792971	7,282
93.393	3600	FHCRC	0000807983	15,201
93.393	3600	FHCRC	0000810728	27,279
93.393	3600	FHCRC	0000813160	48,984
93.393	3600	FHCRC	00008134355U01CA163304	28,663
93.393	3600	FHCRC	0000813441	56,892
93.393	3600	FHCRC	0000813573	22,604
93.393	3600	FHCRC	0000813737	26,506
93.393	3600	FHCRC	0000813739	48,209
93.393	3600	FHCRC	0000813871	11,854
93.393	3600	FHCRC	00008267711R21CA187401	12,346
93.393	3600	FHCRC	000813459	25,867
93.393	3600	FHCRC	785959	46,691
93.393	3600	FHCRC	812098	1,389,246
93.393	3600	GROUP HEALTH COOPERATIVE	CA154292-04-UW MOD01	124,461
93.393	3600	GROUP HEALTH COOPERATIVE	CA15429202UW5P01CA1542	7,519
93.393	3600	GROUP HEALTH COOPERATIVE	CA15429203UW5P01CA1542	37,812
93.393	3600	GROUP HEALTH RESEARCH INSTITUTE	PSA-BENKESER-621704	3,635
93.393	3600	KAISER FOUNDATION HEALTH PLAN COLORADO	08JDEAR-01-UW AM07	-2
93.393	3600	KAISER FOUNDATION RESEARCH INSTITUTE	115-9341-UW-S1 AM01	4,631
93.393	3600	KAISER FOUNDATION RESEARCH INSTITUTE	115-9341-UW-S1 AM02	21,040

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93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	217156AM05PRIME5U01CA1	50,532
93.393	3600	MASSACHUSETTS GENERAL HOSPITAL	217156AM06PRIME5U01CA1	128,511
93.393	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11042SUB	83,367
93.393	3600	UNIV OF CA SAN FRANCISCO	8322SC	6,957
93.393	3600	UNIVERSITY OF CALIFORNIA IRVINE	2015-3204	1,344
93.393	3650	IA ST UNIV FED FLOW	4304626A	12,227
93.393	3650	VANDERBILT UNIV-FED FLOW	VUMC38944	66,666
93.394	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1454 AM03	-2,577
93.394	3600	ARBOR VITA CORPORATION	UWSUB1R43CA16544201A1	10,179
93.394	3600	BROAD INSTITUTE, INC.	66102035500000433MOD03	44,660
93.394	3600	BROAD INSTITUTE, INC.	66102045500000433MOD04	125,209
93.394	3600	CORNELL UNIVERSITY	13121644-03	83,191
93.394	3600	FHCRC	0000783794	5,004
93.394	3600	FHCRC	0000784994	42,867
93.394	3600	FHCRC	0000785962	57,882
93.394	3600	FHCRC	0000800550	12,800
93.394	3600	FHCRC	0000803306 AM01	139,241
93.394	3600	FHCRC	0000807899	1,510
93.394	3600	FHCRC	0000808609	3,210
93.394	3600	FHCRC	0000809258	94,364
93.394	3600	FHCRC	0000812247	100,667
93.394	3600	FHCRC	0000814856 AM01	20,560
93.394	3600	FHCRC	0000819464	65,336
93.394	3600	FHCRC	00008195052P01CA091955	12,217
93.394	3600	FHCRC	0000822210	4,671
93.394	3600	FHCRC	0000828032	52,201
93.394	3600	FHCRC	0000829362	3,837
93.394	3600	FHCRC	0000831942	13,799

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93.394	3600	HEALTH PARTNERS INSTITUTE FOR EDUCATION	X1301200WASH	14,624
93.394	3600	KITWARE, INC.	K000683-00-S01 MOD02	-1,018
93.394	3600	UNIVERSITY OF IOWA	W000420810PO1001081261	176,314
93.394	3600	UNIVERSITY OF MINNESOTA	N002338901 AM02	16,913
93.394	3600	UNIVERSITY OF TEXAS, SAN ANTONIO	156543	1,329
93.394	3600	WEST VIRGINIA UNIVERSITY	01-335-UW AM03	-4,025
93.395	3600	AMERICAN COLLEGE OF RADIOLOGY IMAGING	1667	51,999
93.395	3600	CHILDREN'S HOSPITAL OF PHILADELPHIA	9500080215-05C	13,139
93.395	3600	CHILDREN'S HOSPITAL OF PHILADELPHIA	FP17296SUB0101PO961249	180,945
93.395	3600	CHILDRENS HOSP OF PHILADELPHIA	9500010213 AM01	37,680
93.395	3600	CHILDRENS HOSP OF PHILADELPHIA	FP18225_SUB02_01	495,723
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA180820-01-WASH1	11,469
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA180820-01-WASH2	50,000
93.395	3600	ECOG-ACRIN MEDICAL RESEARCH FOUNDATION	U10CA180820-01-WASH3	10,000
93.395	3600	FHCRC	0000755851 AM02	57,063
93.395	3600	FHCRC	00007781171	2,633
93.395	3600	FHCRC	0000779672	567
93.395	3600	FHCRC	0000781167	19,350
93.395	3600	FHCRC	0000781168	766
93.395	3600	FHCRC	0000781170	13,006
93.395	3600	FHCRC	0000785646	195,568
93.395	3600	FHCRC	0000791010 AM01	46,426
93.395	3600	FHCRC	0000796556	28,912
93.395	3600	FHCRC	0000800487 AM01	55,225
93.395	3600	FHCRC	0000805860	35,311
93.395	3600	FHCRC	0000809212	6,428
93.395	3600	FHCRC	0000809694	42,834
93.395	3600	FHCRC	0000810455	58,118

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93.395	3600	FHCRC	0000811335	251,452
93.395	3600	FHCRC	0000811336	7,761
93.395	3600	FHCRC	0000811343	24,491
93.395	3600	FHCRC	0000811368	13,167
93.395	3600	FHCRC	00008127675U01CA154967	1,030,529
93.395	3600	FHCRC	0000815540	87,318
93.395	3600	FHCRC	0000816866	11,126
93.395	3600	FHCRC	0000821535	18,717
93.395	3600	FHCRC	0000821555	2,926
93.395	3600	FHCRC	0000822384	35,389
93.395	3600	FHCRC	0000826175	25,328
93.395	3600	FHCRC	0000831752	11,459
93.395	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	0000811341	4,652
93.395	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2014.0008	35,013
93.395	3600	JOHN WAYNE CANCER INSTITUTE (JWCI)	2 P01 CA 029605 AM07	9,359
93.395	3600	MAYO CLINIC	63987962	18,702
93.395	3600	NRG ONCOLOGY, INC	U OF WASH - YR 1	6,998
93.395	3600	NSABP FNDN	UWASH - NCORP-01	23,626
93.395	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1004041_UW	23,438
93.395	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	9009627UWAAM015U10CA18	23,610
93.395	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	9009627UWAU10CA180888	71,857
93.395	3600	PAI LIFE SCIENCES DBA PROTEIN ADVANCES INC.	UW OSP #A102568	75,386
93.395	3600	PAI LIFE SCIENCES INC.	UW BUD# 669216	66,444
93.395	3600	PET/X LLC	2013-001	11,552
93.395	3600	PET/X LLC	2014-001	36,968
93.395	3600	THE EMMES CORPORATION	PO 15868 G NA643	11,619
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01026706	-15

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93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01026710	-502
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01027363 AM01	270,838
93.396	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01027367 AM01	297,691
93.396	3600	BROAD INSTITUTE, INC.	6610212550000403MOD03	10,622
93.396	3600	FHCRC	0000790544 AM001	49,671
93.396	3600	FHCRC	0000798536	12,796
93.396	3600	FHCRC	0000829763	5,596
93.396	3600	VAN ANDEL RESEARCH INSTITUTE	UWCMNIH10402251AM02	59,413
93.397	3600	FHCRC	0000770570 AM02	33,069
93.397	3600	FHCRC	0000770571 AM02	1,335
93.397	3600	FHCRC	0000770789 AM03	18,634
93.397	3600	FHCRC	0000771804 AM02	1,525
93.397	3600	FHCRC	0000777585 AM01	29,834
93.397	3600	FHCRC	0000780785 AM02	81,538
93.397	3600	FHCRC	0000781026 AM02	13,696
93.397	3600	FHCRC	0000782689 AM01	15,477
93.397	3600	FHCRC	0000782902	9,060
93.397	3600	FHCRC	0000783707 AM01	22,665
93.397	3600	FHCRC	0000784473	25,204
93.397	3600	FHCRC	0000784730	8,624
93.397	3600	FHCRC	0000785418	2,461
93.397	3600	FHCRC	0000785420PR2P50CA9718	23,793
93.397	3600	FHCRC	0000785456	16,307
93.397	3600	FHCRC	0000799686 AM01	42,823
93.397	3600	FHCRC	0000799687 AM01	12,957
93.397	3600	FHCRC	0000799688 AM01	76,088
93.397	3600	FHCRC	0000799689 AM01	61,704
93.397	3600	FHCRC	0000799690 AM02	90,497

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93.397	3600	FHCRC	0000799691 AM01	35,454
93.397	3600	FHCRC	0000799692 AM01	28,221
93.397	3600	FHCRC	00007996945P30CA015704	14,902
93.397	3600	FHCRC	0000799752 AM02	61,728
93.397	3600	FHCRC	0000799753 AM02	83,179
93.397	3600	FHCRC	0000799870 AM01	2,736
93.397	3600	FHCRC	0000799871 AM01	25,225
93.397	3600	FHCRC	0000799950 AM01	469
93.397	3600	FHCRC	0000800228 AM01	7,073
93.397	3600	FHCRC	0000800272	5,575
93.397	3600	FHCRC	00008002775P30CA015704	8,770
93.397	3600	FHCRC	0000812312	22,346
93.397	3600	FHCRC	0000812422	103,184
93.397	3600	FHCRC	0000812768 AM01	225,185
93.397	3600	FHCRC	00008128045P30CA157043	28,217
93.397	3600	FHCRC	00008132205P50CA138293	108,809
93.397	3600	FHCRC	00008133665P50CA138293	86,906
93.397	3600	FHCRC	00008133975P50CA138293	55,245
93.397	3600	FHCRC	0000813931	7,384
93.397	3600	FHCRC	0000813993	9,722
93.397	3600	FHCRC	0000817089	1,769
93.397	3600	FHCRC	0000817090	2,603
93.397	3600	FHCRC	0000822968	4,896
93.397	3600	FHCRC	00008239835P50CA097186	39,644
93.397	3600	FHCRC	0000826423 AM01	7,592
93.397	3600	FHCRC	0000826436	3,202
93.397	3600	FHCRC	0000826437	9,448
93.397	3600	FHCRC	00008264385P50CA097186	3,886

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93.397	3600	FHCRC	0000826854	27,786
93.397	3600	FHCRC	0000826864	55,240
93.397	3600	FHCRC	0000826886	60,398
93.397	3600	FHCRC	0000826897	86,737
93.397	3600	FHCRC	0000826898	16,404
93.397	3600	FHCRC	0000826900	65,101
93.397	3600	FHCRC	00008269032P30CA015704	21,261
93.397	3600	FHCRC	00008269082P30CA015704	11,687
93.397	3600	FHCRC	0000827210	20,472
93.397	3600	FHCRC	0000827536 AM01	116,896
93.397	3600	FHCRC	0000830357	364
93.397	3600	FHCRC	0000830360	4,392
93.397	3600	FHCRC	0000830370	1,075
93.397	3600	FHCRC	0000830375	3,765
93.397	3600	FHCRC	000830355	7,997
93.397	3600	FHCRC	SUBAWARD 0000675055	-35,400
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000782877 AM02	1,350
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000785417	4,040
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	00007854232P50CA097186	55,019
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000799921	27,780
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000799948 AM01	961
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000812308	79,063
93.397	3600	FRED HUTCHINSON CANCER RESEARCH CENTER (FHCRC)	0000830372	9,093
93.397	3600	MAYO CLINIC	PO# 63851294	8,790
93.397	3600	RAPID CITY REGIONAL HOSPITAL	5U54CA14215705UWASHAM0	10,497
93.397	3600	UNIVERSITY OF TEXAS SW MEDICAL CENTER	150904	14,713
93.399	3600	FHCRC	0000782043 AM01	-1

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93.399	3600	FHCRC	0000785419	32,376
93.399	3600	FHCRC	0000804602	70,346
93.399	3600	FHCRC	0000804602 AM01	1,630
93.399	3600	FHCRC	0000804676	23,821
93.399	3600	FHCRC	0000804677 AM01	62,373
93.399	3600	NSABP FNDN	UW-YR28 AM02	2,736
93.399	3600	UNIVERSITY OF MICHIGAN	3002149613 AM04	3,965
93.399	3600	UNIVERSITY OF MICHIGAN	3002149613 AM05	72,882
93.441	3600	NW PORTLAND AREA INDIAN HEALTH BOARD	C13-24 AM02	30,515
93.441	3600	NW PORTLAND AREA INDIAN HEALTH BOARD	C15-11 PO#24824 AM01	39,305
93.508	3600	UNITED INDIANS OF ALL TRIBES FOUNDATION	A71880 MOD04	34,185
93.575	3650	SCHOOLS OUT WA	WSU002144	481
93.575	3650	SCHOOLS OUT WA	WSU002145	3,521
93.586	3650	JUDICIAL COUNCIL OF CA	1027686	1,696
93.600	6990		1501415023	47,676
93.600	6990		1501415038	146,174
93.600	6990		LOA8354	182,847
93.600	6990	Puget Sound Educational Service District	LOA#8372	56,440
93.600	6990	Puget Sound Educational Services District	1314 Headstart	40,817
93.600	6990	Puget Sound Educational Services District	1415 Early Headstart	6,570
93.600	6990	Puget Sound Educational Services District	1415 Headstart	65,947
93.600	6990	Puget Sound Educational Services District	LOA#8373	45,609
93.600	6990	Puget Sound Educational Services District	LOA#8924	69,342
93.605	3600	CHILDREN'S HOME SOCIETY OF WA	UW BUD# 669544	49,366
93.605	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 660827	25,207
93.610	3600	INST FOR CLINICAL SYSTEMS IMPROVEMENT	01-0113-UWAIMS AM02	188,875
93.645	3700	IDHW-FGDMF 13-14	1C096100 Amend #3	142,310
93.648	3600	UNIVERSITY OF MARYLAND, BALTIMORE	105934-001	27,774

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93.648	3600	UNIVERSITY OF MARYLAND, BALTIMORE	1400328 AM01	67,051
93.652	3600	CENTER FOR CHILDREN & YOUTH JUSTICE	SC3002892417	13,981
93.652	3600	CENTER FOR CHILDREN & YOUTH JUSTICE	UW BUD# 631320	12,240
93.652	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 661945	1,177
93.652	3600	CHILDREN'S HOME SOCIETY OF WASHINGTON	UW BUD# 662541	11,069
93.658	3700	IDHW-PRIDE Stwd Prog 12-13	KC247700 Amend #3	62,981
93.658	3700	IDHW-PRIDE Stwd Prog 13-14	KC247700	410,550
93.658	3700	IDHW-RPM Hub 1 2013-14	KC247400	122,413
93.658	3700	IDHW-RPR Hub 2 2012-13	KC247500 Amend #3	1,269
93.658	3700	IDHW-RPR Hub 2 2013-14	KC247500	113,542
93.658	3700	IDHW-RPR Hub 3 2012-13	KC247600 Amend #3	3,341
93.658	3700	IDHW-RPR Hub 3 2013-14	KC247600	158,527
93.658	3700	IDHW-Scholars Program 2010-11	KC244100 Amend #4	11
93.658	3700	IDHW-Scholars Program FY15	KC255500 Amend #1	89,047
93.670	3600	OREGON SOCIAL LEARNING CENTER (OSLC)	PRIME #90CA1781	17,010
93.674	3700	IDHW-ILP 13-14	1C096000 Amend #2	12,991
93.701	3600	LEIDOS BIOMEDICAL RESEARCH INC	13XS153ST01	11,125
93.701	3600	MOREHOUSE SCHOOL OF MEDICINE	325011.300001.80180	-4,599
93.701	3600	SOCIAL SCIENTIFIC SYSTEMS INC	CRB-DCR01-09-00291	2
93.701	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC35940AMENDMENTNO1	-12,382
93.719	3600	SAINT LOUIS UNIVERSITY	ERS# 36154	8,370
93.728	3600	UNIVERSITY OF ILLINOIS	2010-03958-09	12,422
93.789	3600	UNIVERSITY OF MARYLAND	8771POSR00002960AM03	281,541
93.837	3600	AXIO RESEARCH CORP	NHL243-01 AM02	141,464
93.837	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	5R01HL09455504AM09	54,281
93.837	3600	BRIGHAM AND WOMEN'S HOSPITAL	105963 AM07	157,661
93.837	3600	BRIGHAM AND WOMEN'S HOSPITAL	PS#224978	7
93.837	3600	CASE WESTERN RESERVE UNIVERSITY	RES508904	32,484

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93.837	3600	CHILDREN'S HOSPITAL & RSCH CTR OAKLAND	12_8044_UW_14	729,900
93.837	3600	CORNELL UNIVERSITY	69768-10333 AM01	44,022
93.837	3600	EMORY UNIVERSITY	T088768 AM04	102,853
93.837	3600	FHCRC	0000779804PR5U01HL0999	-2,676
93.837	3600	FHCRC	0000786066	-2,354
93.837	3600	FHCRC	0000802102	150,872
93.837	3600	FHCRC	0000833600	23,354
93.837	3600	GROUP HEALTH RESEARCH INSTITUTE	2014193674	52,833
93.837	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114149.5061569.0007	274
93.837	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-7855-4609	122,746
93.837	3600	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	0255-7865-4609 AM01	1,709
93.837	3600	INSILICOS LLC	2R44HL08357803A2SUB1MO	-113
93.837	3600	JOAN & SANFORD I. WEILL MEDICAL COLLEGE	1407093655U34HL1150150	10,437
93.837	3600	MEDICAL UNIVERSITY OF SOUTH CAROLINA	MUSC14-019 AMO1	17,013
93.837	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-7511-4609	27,831
93.837	3600	NORTHWESTERN UNIVERSITY	60029331 UW AMO2	-1
93.837	3600	NORTHWESTERN UNIVERSITY	60029331 UW AO3	18,093
93.837	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1005000-UW	20,589
93.837	3600	OREGON HEALTH & SCIENCE UNIVERSITY	1005000-UW AM01	4,367
93.837	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	ABMEN0080-UWAM02	-35,106
93.837	3600	PALO ALTO MEDICAL FOUNDATION FOR HLTHCAR	4-0756	90,711
93.837	3600	PALO ALTO MEDICAL FOUNDATION FOR HLTHCAR	4-0756, AM01	25,112
93.837	3600	SEATTLE CHILDREN'S HOSPITAL RSCH FNDN	10693SUB MOD02	52,982
93.837	3600	SEATTLE INSTITUTE FOR CARDIAC RESEARCH	5U01HL08970906SICR06	48,759
93.837	3600	TRUSTEES UNIVERSITY OF PENNSYLVANIA	561102PRIME5U01HL10040	-3,097
93.837	3600	TRUSTEES UNIVERSITY OF PENNSYLVANIA	563424 AM01	168,896
93.837	3600	TUFTS UNIVERSITY	HH4023	60,201

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93.837	3600	UC DAVIS	201222606-01 AM03	29,977
93.837	3600	UNIV OF KANSAS MEDICAL CTR RESEARCH INST	QR852023 AM03	-114
93.837	3600	UNIV OF MICHIGAN	3001598618 AM05	26,605
93.837	3600	UNIVERSITY OF ALABAMA	000501008-001 AM01	343,954
93.837	3600	UNIVERSITY OF ALABAMA	000505311-001	122,581
93.837	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7738SC AM02	342,348
93.837	3600	UNIVERSITY OF IOWA	PO#1001197016	298,748
93.837	3600	UNIVERSITY OF MARYLAND, BALTIMORE	10575 PO# SR00003368	45,003
93.837	3600	UNIVERSITY OF MARYLAND, BALTIMORE	10588 PO# SR00003371	7,000
93.837	3600	UNIVERSITY OF MARYLAND, BALTIMORE	9332 AM01	2,400
93.837	3600	UNIVERSITY OF MICHIGAN	3001290982 AM05	8,068
93.837	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3003106193	35,133
93.837	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3003106193 AM01	6,200
93.837	3600	UNIVERSITY OF MINNESOTA	P001435606 AM04	4,309
93.837	3600	UNIVERSITY OF MINNESOTA	P663626609 AM01	19,278
93.837	3600	UNIVERSITY OF OKLAHOMA	RS20122296-04	-1,973
93.837	3600	UNIVERSITY OF OKLAHOMA	RS20122296-04A2 AM02	83,772
93.837	3600	UNIVERSITY OF PITTSBURGH	0031974 (124618-1)	38,967
93.837	3600	UNIVERSITY OF TEXAS HEALTH SCIENCE CTR	0008215A AM03	50,171
93.837	3600	UNIVERSITY OF VERMONT	24225SUB50868 AM04	67,466
93.837	3600	UNIVERSITY OF VERMONT	28557SUB51628	52,725
93.837	3600	WAKE FOREST UNIVERSITY	WFUHS 113865 AM05	11,944
93.837	3600	WAKE FOREST UNIVERSITY	WFUHS114064WASHINGTONA	5,811
93.837	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-14-236	68,357
93.837	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-15-258 AM01	51,470
93.837	3600	WORCESTER POLYTECHNIC INSTITUTE	14-210740-00-01 AM02	59,184
93.837	3600	YALE UNIVERSITY	M13A11482A08800AM02	63,485
93.837	3600	YALE UNIVERSITY	M13A11482A08800AM03	25,207

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93.837	3600	YALE UNIVERSITY	M14A11708A09355AM01	74,021
93.837	3600	YALE UNIVERSITY	M14A11810(A09626) AM01	101,322
93.838	3600	BATTELLE PACIFIC NORTHWEST DIVISION	TO140660MOD07MASTER243	409,533
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13199001	-4
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14199001	107,438
93.838	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14199301	117,840
93.838	3600	CARNEGIE MELLON UNIV	1090409-334683 MOD01	275,122
93.838	3600	COLUMBIA UNIVERSITY	4(GG004022-03)	17,898
93.838	3600	COLUMBIA UNIVERSITY MEDICAL CENTER	3 (GG007619-02)	47,153
93.838	3600	DUKE UNIVERSITY	2032352 AM02	99,921
93.838	3600	DUKE UNIVERSITY	UW BUD# 634090	-1,210
93.838	3600	FHCRC	0000758955	58,605
93.838	3600	FHCRC	0000758955 AM02	38,044
93.838	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000760233 AM04	9,363
93.838	3600	HARVARD SCHOOL OF PUBLIC HEALTH	112127.5048790 AM2	72,771
93.838	3600	INDIANA UNIVERSITY	IN-4687706UW	3,304
93.838	3600	INDIANA UNIVERSITY	IN-4687706UW AM01	35,858
93.838	3600	INDIANA UNIVERSITY	IN4687728WU1R56HL12504	66,544
93.838	3600	SUNNYBROOK HEALTH SCIENCES CENTRE	HL67939, AM04	10,846
93.838	3600	THE JOHNS HOPKINS UNIVERSITY	2001502917 AM04	28,911
93.838	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY	1 (GG007619)	62,347
93.838	3600	THE TRUSTEES OF COLUMBIA UNIVERSITY	8 (GG006750-02) AM02	31,582
93.838	3600	UCSF CONTROLLER'S OFFICE	6020SC AM05	-314
93.838	3600	UCSF CONTROLLER'S OFFICE	6020SC AM06	232
93.838	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	49854772	99,108
93.838	3650	NORTHWESTERN UNIV FED FLOW	60035511WSU	54,448
93.839	3600	FHCRC	0000765226 AM02	77,633
93.839	3600	FHCRC	0000791419 AM01	206,729

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93.839	3600	FHCRC	0000805140 AM01	87,262
93.839	3600	FHCRC	0000808695	9,442
93.839	3600	FHCRC	0000835309	32,851
93.839	3600	FHCRC	832074PRIME1R01HL12658	6,795
93.839	3600	PUGET SOUND BLOOD CTR	802-UW-2013 AM01	27,721
93.839	3600	SEATTLE CHILDREN'S HOSPITAL	10938SUB MOD1	144,445
93.839	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10628SUB MOD04	83,313
93.839	3600	UNIVERSITY OF ALABAMA	000502659-001	2,612
93.839	3600	UNIVERSITY OF ALABAMA	000502659-001 AM01	2,902
93.846	3600	JOHNS HOPKINS UNIVERSITY	UW BUD# 669777	200
93.847	3600	BAYLOR COLLEGE OF MEDICINE	102021025	9,069
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13106102	678
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13197801	2,450
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY13197802	1,435
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14106101	28,772
93.847	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14190701 A01	2,150
93.847	3600	BENAROYA RSCH INST AT VIRGINIA MASON	FY151978015R01DK087696	45,899
93.847	3600	BRIGHAM AND WOMEN'S HOSPITAL	111345	7,009
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES508324	2,209
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES508618 AM01	86
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES508618 AM02	1,746
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES5092695U01DK0941570	301,463
93.847	3600	CASE WESTERN RESERVE UNIVERSITY	RES509454	7,250
93.847	3600	CHILDRENS HOSP OF PHILADELPHIA	320928 AM1	1,423
93.847	3600	CHILDRENS HOSP OF PHILADELPHIA	3209285R01DK08521203	5,942
93.847	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	109748 AM02	20,348
93.847	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	109748 AM03	52,795
93.847	3600	CLEVELAND CLINIC LERNER COLLEGE OF MED	SUB-520	42,854

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93.847	3600	DOSE SAFETY	A92614	40,005
93.847	3600	FHCRC	0000790720	38,083
93.847	3600	FHCRC	0000790720 AM01	62,440
93.847	3600	FHCRC	0000796543	1,063
93.847	3600	FHCRC	00008131555R24DK099808	270,691
93.847	3600	FHCRC	UW BUD# 668640	148,406
93.847	3600	GEORGE WASHINGTON UNIV	12-D18 AM11	1,010,826
93.847	3600	GEORGE WASHINGTON UNIVERSITY	12-D17 AM05	12,671
93.847	3600	GEORGE WASHINGTON UNIVERSITY	S-DPP1415-JB02	330,248
93.847	3600	GEORGE WASHINGTON UNIVERSITY	S-DPP1516-JB02	162,088
93.847	3600	GEORGIA HEALTH SCIENCES UNIVERSITY	25034-52 AM01	28,227
93.847	3600	GEORGIA REGENTS UNIVERSITY	2503433PR5U24DK0761690	46,019
93.847	3600	GEORGIA REGENTS UNIVERSITY	25732423U24DK07616908S	1,889
93.847	3600	HEALTHPARTNERS RESEARCH FOUNDATION	85285270X0813200MOD05	108,657
93.847	3600	JOSLIN DIABETES CENTER	1987203-15	66,603
93.847	3600	JOSLIN DIABETES CENTER	1987203-15 AM01	227,294
93.847	3600	MASSACHUSETTS GENERAL HOSPITAL	223192 AM02	37,061
93.847	3600	MASSACHUSETTS GENERAL HOSPITAL	224804	47,335
93.847	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-7481-4609	62,007
93.847	3600	NEW YORK MEDICAL COLLEGE	41-114-1	4,945
93.847	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1004965_UWA	21,054
93.847	3600	OREGON HEALTH AND SCIENCE UNIVERSITY	1004965_UWA_MARCOVINA	2,634
93.847	3600	PENNSYLVANIA STATE UNIVERSITY	UW BUD# 800823	500
93.847	3600	SEATTLE CHILDREN'S HOSPITAL	11096SUB	113,166
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10662SUB MOD04	2,796
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11097SUB	5,556
93.847	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11107SUB	703,242
93.847	3600	SIBCR	KS141-UW-2	974

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93.847	3600	SIBCR	KS141-UW-3	468,919
93.847	3600	SWEDISH HEALTH SERVICES	600100 C.01 AM01	12,350
93.847	3600	THE UNIVERSITY OF NORTH CAROLINA	5033574 AM02	8,559
93.847	3600	THE UNIVERSITY OF NORTH CAROLINA	5034378 AM01	8,414
93.847	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1144-00-AD MOD07	83,721
93.847	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1276-00-AM	4,338
93.847	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1276-00-AM MOD01	17,600
93.847	3600	THE UNIVERSITY OF SOUTH FLORIDA	6119-1295-00-AD	83,581
93.847	3600	THE UNIVERSITY OF TEXAS	GMO-111131 AM03	56,386
93.847	3600	THE UNIVERSITY OF TEXAS	GMO111131 AM02	13,569
93.847	3600	TUFTS MEDICAL CENTER	5007632-SERV AM03	8,882
93.847	3600	UNIV OF CA SAN DIEGO	38947675 AM002	370,582
93.847	3600	UNIV OF CA SAN FRANCISCO	8263	6,456
93.847	3600	UNIV OF IOWA	W000521196PO1001229975	2,834
93.847	3600	UNIV OF IOWA	W000649521PO1001385931	22,492
93.847	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33426 AM01	5,705
93.847	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33711	18,057
93.847	3600	UNIV OF PITTSBURGH	0008705 (124278-1)	424,482
93.847	3600	UNIV OF PITTSBURGH	00087051229401AM01	-1,863
93.847	3600	UNIVERSITY OF CALIFORNIA, LA	1553GPC5391DP3DK094311	56,311
93.847	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	8002SC AM01	152,300
93.847	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	8379SC	4,225
93.847	3600	UNIVERSITY OF LOUISVILLE	11-1041Z02C AM03	19,627
93.847	3600	UNIVERSITY OF LOUISVILLE	OICB111041Z02B	53,368
93.847	3600	UNIVERSITY OF MICHIGAN	3001343695AM07U54DK083	2,598
93.847	3600	UNIVERSITY OF MINNESOTA	N001447101 AM01	1,874
93.847	3600	UNIVERSITY OF MINNESOTA	N002174701	977
93.847	3600	UNIVERSITY OF PENNSYLVANIA	564083 AM01	674

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93.847	3600	UNIVERSITY OF PITTSBURGH	0012368 121764-1	180
93.847	3600	UNIVERSITY OF PITTSBURGH	001236812340701AM01	210,633
93.847	3600	UNIVERSITY OF SOUTH FLORIDA	6119-1144-00-AD MOD06	1,103
93.847	3600	UNIVERSITY OF UTAH	10019509-04 AM03	-21,914
93.847	3600	UNIVERSITY OF UTAH	10019509-04 AM05	99,055
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42466	40,423
93.847	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC42466 AM01	167,561
93.847	3600	VETERANS MEDICAL RESEARCH FOUNDATION	8786-01-310844	254,962
93.847	3600	WAKE FOREST UNIVERSITY	WFUHS 118224 AMO1	32,905
93.847	3600	WAKE FOREST UNIVERSITY	WFUHS 118225	122,718
93.847	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU-15-112	37,839
93.847	3600	WASHINGTON UNIVERSITY IN ST. LOUIS	WU11198PO2911630PMOD06	2,008
93.847	3650	ARCADIA BIOSCIENCES INC	WSU001086	0
93.847	3650	PROVIDENCE MEDICAL RESEARCH CT	NIDDK20110001	46,583
93.848	3600	ARTANN LABORATORIES INC	PRIME 5 R44 DK 068936	51,188
93.849	3600	INDIANA UNIVERSITY	IUPUI4682197 U WA	9,842
93.849	3600	INDIANA UNIVERSITY	IUPUI4682197UWASH AM06	66,824
93.853	3600	BASTYR UNIVERSITY	H38B11-01 AM03	55,369
93.853	3600	BETH ISRAEL DEACONESS MEDICAL CENTER	01027587 AM02	9,153
93.853	3600	DUKE UNIVERSITY	203-3334	1,049
93.853	3600	DUKE UNIVERSITY	203-3676 AM01	42,698
93.853	3600	DUKE UNIVERSITY	2033881 AM02	6,798
93.853	3600	EMORY UNIVERSITY	T091872 AM02	-998
93.853	3600	EMORY UNIVERSITY	T234837 AMO1	41,402
93.853	3600	EMORY UNIVERSITY	T270085 AM03	37,337
93.853	3600	FHCRC	0000770105	4
93.853	3600	FHCRC	0000798271	127,453
93.853	3600	KAISER FOUNDATION RSCH INST	115-9241-01 AM01	1,175

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93.853	3600	KAISER FOUNDATION RSCH INST	115-9241-01 AM02	10,883
93.853	3600	MEDICAL COLLEGE OF WISCONSIN, INC.	SUBAWARD NO. 04	29,132
93.853	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255-6612-4609 AM01	230,940
93.853	3600	MOUNT SINAI SCHOOL OF MEDICINE	0255661146091U01NS0866	262,178
93.853	3600	NORTHWESTERN UNIVERSITY	60026665 UW AM03	-1,093
93.853	3600	NORTHWESTERN UNIVERSITY	60030115 UW AM04	182,600
93.853	3600	NORTHWESTERN UNIVERSITY	UW #60026665 AM04	45,842
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008346_UWHMC AM02	18,284
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	9008715_HMC AM02	841
93.853	3600	OREGON HEALTH & SCIENCE UNIVERSITY	AAIRC0023A AM04	41,342
93.853	3600	PRINCETON UNIVERSITY	SUB0000037	157,836
93.853	3600	THE UNIVERSITY OF IOWA	W000429843	1,781
93.853	3600	THE UNIVERSITY OF TEXAS HEALTH	0010073A	34,405
93.853	3600	U OF TEXAS SW MEDICAL CTR	100104PORGC0000000128A	42,029
93.853	3600	UCSF CONTROLLER'S OFFICE	7891SC	56,397
93.853	3600	UCSF CONTROLLER'S OFFICE	7891SC AM01	363,893
93.853	3600	UNIV OF CALIFORNIA, SAN DIEGO	10316345-003	7,821
93.853	3600	UNIV OF CALIFORNIA, SAN DIEGO	10316345-004	33,283
93.853	3600	UNIV OF TENNESSEE	NS044163-UNIV OF WA	-220
93.853	3600	UNIV OF TENNESSEE	NS044163UNIVOFWAAM02	71,261
93.853	3600	UNIVERSITY OF CALIFORNIA	6495SC AM05	-8,675
93.853	3600	UNIVERSITY OF CALIFORNIA	6495SC AM06	19,327
93.853	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7150SC AM02	2,363
93.853	3600	UNIVERSITY OF MINNESOTA	N001257301 AM03	2,432
93.853	3600	UNIVERSITY OF PITTSBURGH	0030451 (123192-3)	17,643
93.853	3600	UNIVERSITY OF PITTSBURGH	0030451(124923) AM02	39,571
93.853	3600	WRIGHT STATE UNIVERSITY	P0033442	42,803
93.855	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31057M AM01	29,133

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93.855	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31084M	27,633
93.855	3600	BAYLOR COLLEGE OF MEDICINE	101981164	49,317
93.855	3600	BENAROYA RESEARCH INSTITUTE AT VIRGINIA	FY14109803	54,448
93.855	3600	BENAROYA RSCH INST AT VIRGINIA MASON	FY14ITN052	8,265
93.855	3600	BENAROYA RSCH INST AT VIRGINIA MASON	FY14ITN052 AM01	283
93.855	3600	BRIGHAM AND WOMAN'S HOSPITAL	110208 MOD02	117,438
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109927	211,661
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109927 MOD01	139,839
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109930	166,190
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	109930 MOD01	119,038
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	110668	89,992
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	110668 MOD01	160,069
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL	111670	85,670
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110007 AM02	15,833
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110007 AM03	20,209
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110238	16,939
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110238 AM1	10,835
93.855	3600	BRIGHAM AND WOMEN'S HOSPITAL, INC.	110305	51,776
93.855	3600	CASE WESTERN RESERVE UNIVERSITY	RES509563	20,637
93.855	3600	COLUMBIA UNIVERSITY	1 (GG008377)	586,393
93.855	3600	COLUMBIA UNIVERSITY	1 (GG008377-12)	263,985
93.855	3600	FHCRC	0000751832 AM01	71,134
93.855	3600	FHCRC	0000769700	-1,569
93.855	3600	FHCRC	0000783989	14,538
93.855	3600	FHCRC	0000784336	75,982
93.855	3600	FHCRC	0000784337	-1
93.855	3600	FHCRC	0000784339 AM01	-28,379
93.855	3600	FHCRC	0000784341	-2

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93.855	3600	FHCRC	0000784932	8,493
93.855	3600	FHCRC	0000785341	2,115
93.855	3600	FHCRC	0000786672	23,865
93.855	3600	FHCRC	0000788686 AM01	45,371
93.855	3600	FHCRC	0000791198	563,993
93.855	3600	FHCRC	0000791231 AM01	4,609
93.855	3600	FHCRC	0000791232	132,013
93.855	3600	FHCRC	0000791284	262,997
93.855	3600	FHCRC	0000791355	33,585
93.855	3600	FHCRC	0000791569 AM01	73,890
93.855	3600	FHCRC	0000796178	19,253
93.855	3600	FHCRC	0000796748	75,335
93.855	3600	FHCRC	0000797859	144,693
93.855	3600	FHCRC	0000798456	167,193
93.855	3600	FHCRC	0000800330	40,754
93.855	3600	FHCRC	0000800331	282,706
93.855	3600	FHCRC	0000800332	664,913
93.855	3600	FHCRC	0000800547 AM01	8,083
93.855	3600	FHCRC	0000804485	444,621
93.855	3600	FHCRC	0000806449	949,806
93.855	3600	FHCRC	0000806470	321,084
93.855	3600	FHCRC	0000806490	254,725
93.855	3600	FHCRC	0000807214	7,272
93.855	3600	FHCRC	0000807902	280,933
93.855	3600	FHCRC	00008086115R01AI076105	52,119
93.855	3600	FHCRC	0000809035	26,482
93.855	3600	FHCRC	0000809500	21,212
93.855	3600	FHCRC	0000809531	40,300

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93.855	3600	FHCRC	0000812018	38,387
93.855	3600	FHCRC	0000812279	200,181
93.855	3600	FHCRC	0000813156	261,321
93.855	3600	FHCRC	0000814754	20,533
93.855	3600	FHCRC	0000815762	80,121
93.855	3600	FHCRC	0000818299	10,182
93.855	3600	FHCRC	0000818720	290,646
93.855	3600	FHCRC	0000819229	108,190
93.855	3600	FHCRC	0000819236	67,927
93.855	3600	FHCRC	0000819238	259,883
93.855	3600	FHCRC	0000819240	5,629
93.855	3600	FHCRC	0000819382	5,733
93.855	3600	FHCRC	0000819438	54,243
93.855	3600	FHCRC	0000820484	199,170
93.855	3600	FHCRC	0000820485	270,015
93.855	3600	FHCRC	0000820929	423,963
93.855	3600	FHCRC	0000821515	97,477
93.855	3600	FHCRC	0000821971	576,665
93.855	3600	FHCRC	0000829587	55,077
93.855	3600	FHCRC	0000829992	144,663
93.855	3600	FHCRC	UW BUD# 662823	86,731
93.855	3600	FHCRC	UW BUD# 668898	24,773
93.855	3600	FHCRC	UW BUD# 669188	2,394
93.855	3600	FHCRC	UW BUD# 669902	55,995
93.855	3600	FHI 360	971/0080.0173 AM05	27,932
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000783907	-21
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000791572 AM01	67,300
93.855	3600	FRED HUTCHINSON CANCER RESEARCH CENTER	0000791700 AM01	200,002

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93.855	3600	HARVARD SCHOOL OF PUBLIC HEALTH	109668-5066267	23,596
93.855	3600	HARVARD SCHOOL OF PUBLIC HEALTH	109668-5066267 AM01	11,842
93.855	3600	HARVARD SCHOOL OF PUBLIC HEALTH	23570-114063 AM04	23,649
93.855	3600	INDIANA UNIVERSITY	IN-4689724-UW AM05	60,476
93.855	3600	JOAN & SANFORD I. WEILL MEDICAL COLLEGE	14020168AM015R21AI1002	11,535
93.855	3600	JOHNS HOPKINS UNIVERSITY	2001317198 MOD06	69,650
93.855	3600	JOHNS HOPKINS UNIVERSITY	2001317198 MOD07	482,786
93.855	3600	JOHNS HOPKINS UNIVERSITY	2002078835 AM01	64,333
93.855	3600	JOHNS HOPKINS UNIVERSITY	2002078835 AM02	17,913
93.855	3600	KECK GRADUATE INSTITUTE	717-7121089UW	71,192
93.855	3600	KINETA, INC.	3470 MOD03	46,448
93.855	3600	MAGEE WOMENS RESEARCH INSTITUTE AND FOUNDATION	9323	411,254
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	4642 AM01	249,081
93.855	3600	MAGEE-WOMEN'S RESEARCH INST.& FDTN	9323	255,737
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE	9243 AM01	-10,509
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE	9277 AM01	192,927
93.855	3600	MAGEE-WOMEN'S RESEARCH INSTITUTE	9331	228,070
93.855	3600	MAHIDOL UNIVERSITY	1U01AI11552001UWASHING	29,409
93.855	3600	MICROBIOTIX, INC	AM02	49,135
93.855	3600	NORTHRN CALIFORNIA INST. FOR RSRCH EDU.	SUL1847-02 AM01	161,796
93.855	3600	NORTHWESTERN UNIVERSITY	SP0007967PROJ0002212AM	140,515
93.855	3600	NORTHWESTERN UNIVERSITY	SP0026886-PROJ0007064	91,474
93.855	3600	NORTHWESTERN UNIVERSITY	SP0026886PROJ0007064AM	116,687
93.855	3600	OHIO STATE U RESEARCH FOUNDATION	60036897 AM02	102,161
93.855	3600	PROFECTUS BIOSCIENCES, INC.	PO# 14-267 AM01	75,308
93.855	3600	QUALITY BIOLOGICAL, INC.	TONHP031	14,346
93.855	3600	RUTGERS, THE STATE UNIVERSITY	8124 MOD04	351,402

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93.855	3600	RUTGERS, THE STATE UNIVERSITY	8169	35,527
93.855	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UW-15517-A AM01	9,230
93.855	3600	SEATTLE BIOMEDICAL RESEARCH INSTITUTE	UWPC-15517-A AM01	15,321
93.855	3600	SEATTLE BIOMEDICAL RSCH INST	16010	23,298
93.855	3600	SEATTLE CHILDEN'S RESEARCH INSTITUTE	10888SUB MOD02	17,270
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	10330SUB MOD04	85,733
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	10995SUB MOD01	47,187
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	10995SUB MOD03	155,230
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11070SUB MOD01	152,216
93.855	3600	SEATTLE CHILDREN'S HOSPITAL	11122SUB	346,539
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10590SUB MOD02	292,480
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10913SUB MOD1	-25,838
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10972SUB	41,306
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10972SUB MOD01	4,406
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11110SUB MOD01	2,017
93.855	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11229SUB	3,645
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	110009 AM02	3,577
93.855	3600	THE BRIGHAM AND WOMEN'S HOSPITAL, INC.	110014	11,466
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	2002131141 MOD01	71
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	2002131144	26,432
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	2002150083	4,976
93.855	3600	THE JOHNS HOPKINS UNIVERSITY	PO#2002131144	21,323
93.855	3600	UCSF CONTROLLER'S OFFICE	7364SC AM01	5,941
93.855	3600	UMDNJ	191675W AM03	-5,007
93.855	3600	UNIV OF COLORADO, DENVER	FY11284002FY14284001AM	43,487
93.855	3600	UNIV OF COLORADO, DENVER	FY15.284.002 AMD4	154,427
93.855	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33051 AM01	12,227
93.855	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33051 AM02	806,833

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93.855	3600	UNIV OF NORTH CAROLINA AT CHAPEL HILL	5-33053 AM02	172,722
93.855	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33047 AM01	-258
93.855	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33047 AM02	340,492
93.855	3600	UNIV OF NORTH CAROLINA-CHAPEL HILL	5-33053 AM01	16,397
93.855	3600	UNIV OF TEXAS SOUTHWESTERN MEDICAL CTR	GMO-130301 AM02	96,212
93.855	3600	UNIV OF TEXAS SOUTHWESTERN MEDICAL CTR	GMO130301PO386AM01	150,301
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000504515-SP0001-002	16,374
93.855	3600	UNIVERSITY OF ALABAMA	000421524-002 AM03	201,963
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM03	18,063
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM04	121,116
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	000397076-012 AM06	675,185
93.855	3600	UNIVERSITY OF ALABAMA, BIRMINGHAM	UW BUD# 668060	18,280
93.855	3600	UNIVERSITY OF CALIFORNIA, DAVIS	201223949-01 AM03	15,756
93.855	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7828SC	45,520
93.855	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7828SC AM01	87,850
93.855	3600	UNIVERSITY OF CALIFORNIA, DAVIS	201223949-01 AM02	268,706
93.855	3600	UNIVERSITY OF CENTRAL FLORIDA	22206046C AM02	105,742
93.855	3600	UNIVERSITY OF CHICAGO	FP000518	21,637
93.855	3600	UNIVERSITY OF MASSACHUSETTS, DARTMOUTH	18907	7,741
93.855	3600	UNIVERSITY OF MASSACHUSETTS, WORCESTER	WA00123686RFS2014033AM	29,501
93.855	3600	UNIVERSITY OF MINNESOTA	H004614601	1,420
93.855	3600	UNIVERSITY OF NORTH CAROLINA, CHAPEL HI	5-33571	71,653
93.855	3600	UNIVERSITY OF PITTSBURGH	0010255 (123113-1)	-1,939
93.855	3600	UNIVERSITY OF WISCONSIN-MADISON	171K765 AM05	6,224
93.855	3600	UNIVERSITY OF WISCONSIN-MADISON	490K066 AM02	18,130
93.855	3600	UNIVERSITY OF WISCONSIN-MADISON	578K071, 561K212	56,875
93.855	3650	SEATTLE CHILDREN'S HOSPITAL	10685SUB	36,193
93.859	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31524J	-70

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93.859	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31537J AM04	83,190
93.859	3600	BAYLOR COLLEGE OF MEDICINE	102053365	12,994
93.859	3600	FHCRC	0000806995	83,602
93.859	3600	FHCRC	0000810078	7,314
93.859	3600	FHCRC	0000811097	21,181
93.859	3600	FHCRC	0000815002	28,079
93.859	3600	FHCRC	0000815017	17,370
93.859	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114041-5026836 AM02	32,990
93.859	3600	INSTITUTE FOR SYSTEMS BIOLOGY	2015.0001	12,037
93.859	3600	J. CRAIG VENTER INSTITUTE	JCVII4001MOD01R01GM095	69,503
93.859	3600	NEXGENIA, INC./NEW VENTURES FACILITY	UW BUD# 667056	250,672
93.859	3600	OKLAHOMA MEDICAL RESEARCH FOUNDATION	0244-04 AM02	36,219
93.859	3600	PUGET SOUND BLOOD CTR	PO-037192	6,538
93.859	3600	PUGET SOUND BLOOD CTR	WATKINS RNA	6,538
93.859	3600	REARCH FOUNDATION OF THE SUNY	R960652	18,411
93.859	3600	UNIV OF CALIFORNIA, SAN DIEGO	10318834-002	47,488
93.859	3600	UNIV OF CALIFORNIA, SAN DIEGO	10318834-004	95,803
93.859	3600	UNIVERSAL CELLS, INC.	PRIME 1R44GM113438-01	33,243
93.859	3600	UNIVERSITY OF COLORADO	1552041/ 0513.04.0804B	315,849
93.859	3600	UNIVERSITY OF COLORADO	1552042 0513.04.0804B	156,928
93.859	3600	UNIVERSITY OF FLORIDA	UFDSP00010190 AM02	302,112
93.859	3600	UNIVERSITY OF MASSACHUSETTS, LOWELL	S5111000020434 AM01	8,812
93.859	3600	UNIVERSITY OF MICHIGAN	3003101111	108,238
93.859	3600	UNIVERSITY OF MICHIGAN	3003101111 AM01	103,577
93.859	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002786134 AM02	53,201
93.859	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002887843 AM02	173,396
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-33659	5
93.859	3600	UNIVERSITY OF NORTH CAROLINA CHAPEL HILL	5-33659 AM01	65,961

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93.859	3600	UNIVERSITY OF SOUTHERN CALIFORNIA	48299071 AM01	62,774
93.859	3600	YALE UNIVERSITY	C15A11965 (A09991)	31,656
93.859	3650	WASHINGTON UNIV IN ST LOUIS	WU11306	74,958
93.859	3700	UF-Sigma Virus	00080194 Sub#UF09051	5,914
93.859	6990	UW - BLDG BIOENGR BRIDGES	681978	42,199
93.865	3600	ALBERT EINSTEIN HEALTHCARE NETWORK	5R01HD006140003MOD01	31,958
93.865	3600	BAYLOR COLLEGE OF MEDICINE	5600716840 AM02	-2,831
93.865	3600	BAYLOR COLLEGE OF MEDICINE	5600716840 AM03	249,146
93.865	3600	CHILDREN'S MERCY HOSPITAL	10-0002 AM04	163,757
93.865	3600	CINCINNATI CHILDREN'S HOSPITAL MEDICAL C	1304745K12HD00085029RE	1,106
93.865	3600	FHCRC	0000783262 AM02	90,288
93.865	3600	FHCRC	0000783376 AM01	144,172
93.865	3600	FHCRC	0000783376PR5P01HD0649	21,895
93.865	3600	FHCRC	0000783378	40,479
93.865	3600	FHCRC	0000783378 AM01	71,944
93.865	3600	FHCRC	0000796248 AM02	149,732
93.865	3600	FHCRC	0000796350 AM01	75,789
93.865	3600	FHCRC	0000796350 AM02	127,099
93.865	3600	FHCRC	0000796353 AM02	110,454
93.865	3600	FHCRC	0000798538 AM02	38,968
93.865	3600	FHCRC	UW BUD# 667936	22,271
93.865	3600	GEORGE WASHINGTON UNIV	S-MFM1314-JB13	25,093
93.865	3600	GEORGE WASHINGTON UNIV	S-MFM1415-JB13	10,780
93.865	3600	GROUP HEALTH RESEARCH INSTITUTE	2014162854	34,895
93.865	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114119-5060443 AM01	661
93.865	3600	HARVARD SCHOOL OF PUBLIC HEALTH	114119-5060443 AM02	7,274
93.865	3600	JOHNS HOPKINS UNIVERSITY	2001894994 AMD 2	17,358
93.865	3600	JOHNS HOPKINS UNIVERSITY	2001894994PR5U54HD0707	5,341

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93.865	3600	MICHIGAN STATE UNIVERSITY	RC103679UW AM01	29,605
93.865	3600	NEW YORK UNIVERSITY	F7432-02AM02	102,246
93.865	3600	NORTHWESTERN UNIVERSITY	60032241 UW AM03	3,775
93.865	3600	NORTHWESTERN UNIVERSITY	60032241 UW AM05	81,282
93.865	3600	RTI INTERNATIONAL	U10HD057753 AM05	35,605
93.865	3600	SEATTLE CHILDREN'S HOSPITAL	10286SUB MOD05	59,553
93.865	3600	SEATTLE CHILDREN'S HOSPITAL RSCH FNDN	10255SUB MOD04	31,231
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10478SUB MOD04	68,662
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10479SUB MOD04	29,885
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10893SUB	18,568
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10893SUB MOD01	974
93.865	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10988SUB	25,397
93.865	3600	STANFORD UNIVERSITY	60499579-47273 AM02	15,233
93.865	3600	SWEDISH HEALTH SERVICES	UW 803235A MOD06	30,643
93.865	3600	UCLA CCPR	1215 G JB215 AM06	24,385
93.865	3600	UCLA COMMUNITY HEALTH SERVICES	1920 G RA131 AM01	47,075
93.865	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	7810SC AM01	61,623
93.865	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	8703SC	20,490
93.865	3600	UNIVERSITY OF CONNECTICUT	7023 AM02	38,687
93.865	3600	UNIVERSITY OF CONNECTICUT	83884PR2R01HD03996111A	33,336
93.865	3600	UNIVERSITY OF MIAMI	ACCT 66619X AM05	13,254
93.865	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3003294837	46,182
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193 AM01	-6,500
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193 AM03	-37,752
93.865	3600	UNIVERSITY OF NORTH CAROLINA	5-33193 AM04	222,683
93.865	3600	UNIVERSITY OF NORTH CAROLINA	533193AM022R01HD055741	-47,649
93.865	3600	UNIVERSITY OF NORTH CAROLINA	533193AM02PR5R01HD0557	-24,374
93.865	3600	UNIVERSITY OF NORTH CAROLINA	UW BUD# 667346	121,950

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93.865	3600	UNIVERSITY OF NORTH CAROLINA	UW BUD# 668148	53,373
93.865	3600	UNIVERSITY OF PITTSBURGH	0019692 (120794-6)	-1,496
93.865	3600	UNIVERSITY OF PITTSBURGH	0019692 (124457-5)	213,066
93.865	3600	UNIVERSITY OF PITTSBURGH	0024922 (125803-5)	38,178
93.865	3600	UNIVERSITY OF PITTSBURGH	00249221242217AM01	67,881
93.865	3650	BAYLOR COLLEGE OF MED FED	5600653614	84,949
93.865	3650	HARVARD UNIV	1163405497759	18,972
93.865	3650	OR HLTH SCI UNIV FED FLOW	9003418005WSU	-965
93.865	3650	UNIV OF MASSACHUSETTS	14007799C00	6,984
93.866	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	310102 AM04	15,767
93.866	3600	ALBERT EINSTEIN COLLEGE OF MEDICINE	31594A	6,840
93.866	3600	BOSTON UNIVERSITY	4500001378 AM01	62,590
93.866	3600	BOSTON UNIVERSITY	4500001590	59,605
93.866	3600	DARTMOUTH COLLEGE	1540 AM02	65,580
93.866	3600	EMORY UNIVERSITY	T233733	6,181
93.866	3600	EMORY UNIVERSITY	T382815 AM01	18,049
93.866	3600	FHCRC	0000783776 AM01	52,045
93.866	3600	GROUP HEALTH COOPERATIVE	2014134622 MOD02	107,880
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2012116175 MOD02	8,949
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	2013156516	7,416
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	AG006781-26-UW	114,555
93.866	3600	GROUP HEALTH RESEARCH INSTITUTE	AG00678126S1UWPO201419	369,563
93.866	3600	HARVARD SCHOOL OF PUBLIC HEALTH	5079924 /116519	7,622
93.866	3600	JOHNS HOPKINS UNIVERSITY	PO#2001739762 MOD03	21,961
93.866	3600	SIBCR	PE148A-UW-1 MOD01	6,929
93.866	3600	STANFORD UNIVERSITY	60766183-113156	22,106
93.866	3600	TUFTS MEDICAL CENTER	5005011SERVAM035R01AG0	164,324
93.866	3600	UNIVERSITY OF CALIFORNIA IRVINE	2014-3038 AM01	7,331

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
93.866	3600	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	1536 AM05	10,578
93.866	3600	UNIVERSITY OF COLORADO	FY13001007FY14001004AM	-21,039
93.866	3600	UNIVERSITY OF COLORADO - DENVER	FY13001007FY14001004AM	109,500
93.866	3600	UNIVERSITY OF COLORADO - DENVER	FY13001007FY15001006AM	35,207
93.866	3600	UNIVERSITY OF MICHIGAN, ANN ARBOR	3002473402 AM03	508,892
93.866	3600	UNIVERSITY OF OKLAHOMA	RT20140956-01	28,993
93.866	3600	UNIVERSITY OF PENNSYLVANIA	563259	52,462
93.866	3600	UNIVERSITY OF PITTSBURGH	0012200 122381-6 AM03	222,843
93.866	3600	UNIVERSITY OF SOUTH FLORIDA	6155-1030-00-A AM03	64,315
93.866	3600	UNIVERSITY OF WISCONSIN-MADISON	541K575	28,402
93.866	3600	VANDERBILT U MED CTR ACAD & RSCH ENT.	VUMC 40785 AM02	60,097
93.866	3600	VANDERBILT U MED CTR ACAD & RSCH ENT.	VUMC 40785 AM03	6,692
93.866	3600	WAKE FOREST UNIVERSITY	WFUHS 110918 AM02	16,962
93.867	3600	COLUMBIA UNIVERSITY	1 (GG010289) AM02	25,444
93.867	3600	GEORGIA INSTITUTE OF TECHNOLOGY	R7747G181PN2EY01824401	127,412
93.867	3600	JAEB CENTER FOR HEALTH RESEARCH, INC.	9-29-03	50,844
93.867	3600	OREGON HEALTH SCIENCES UNIVERSITY	1002605_UW AM02	55,449
93.867	3600	PENNSYLVANIA STATE UNIVERSITY	UWAEY023533 AM02	1,400
93.867	3600	UNIV OF CA SAN DIEGO	39543216-002	79,359
93.867	3600	UNIVERSITY OF CALIFORNIA SAN DIEGO	PO#10317338-004	261,503
93.867	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007517 AM04	34,068
93.867	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00007517 AM05	301,729
93.867	3600	UNIVERSITY OF MINNESOTA	N640615302 AM07	70,318
93.867	3600	UNIVERSITY OF MINNESOTA	N640615302AM06P2R01EY0	35,099
93.867	3650	OR HLTH SCI UNIV FED FLOW	GCAEI0244A	12,846
93.867	3650	OR HLTH SCI UNIV FED FLOW	GPHYP0181WSU	8
93.879	3600	BOSTON CHILDREN'S HOSPITAL	PO#0000633810	2,501
93.879	3600	UNIVERSITY OF PITTSBURGH	00404781240953AMO1	24,451

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93.912	3600	MONTANA STATE UNIVERSITY - AHEC	G135-14-W4590	2,452
93.933	3600	BLACK HILLS CTR FOR AMERICAN INDIAN HLTH	PRIMEU261IHS00420401BH	5,635
93.933	3600	NATIONAL CONGRESS OF AMERICAN INDIANS	U261IHS00360400SA04AM0	4,406
93.933	3600	SOUTHCENTRAL FOUNDATION	560101-20-415	126,887
93.933	3600	SOUTHCENTRAL FOUNDATION	560101-20-415 AM01	36,196
93.933	3600	SOUTHCENTRAL FOUNDATION	SCF2013-087	122,748
93.945	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	10827SUB	469
93.945	3600	SEATTLE CHILDREN'S RESEARCH INSTITUTE	11095SUB	2,941
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDI	A96818	117,087
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDI	UW BUD# 675047	29,321
93.989	3600	UNIVERSIDAD PERUANA CAYETANO HEREDIA	UW BUD# 674822	24,258
93.989	3600	UNIVERSITY OF NAIROBI	3 R24 TW 008889-02S1	4,206
93.989	3600	UNIVERSITY OF NAIROBI	PRIME 5R24TW008889-05	181,904
93.989	3600	UNIVERSITY OF NAIROBI	PRIME5R24TW00888904	32,756
93.989	3600	VANDERBILT U MED CTR ACAD & RSCH ENT.	VUMC 42129 AM02	10,373
93.989	3600	VANDERBILT U MED CTR INST FOR GLOB HLTH	VUMC 42513 AM02	7,091
93.989	3600	VANDERBILT U MED CTR INST FOR GLOB HLTH	VUMC 43017 AM01	1,262
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 36924 AM04	4,484
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42068 AM01	2,199
93.989	3600	VANDERBILT UNIVERSITY MEDICAL CENTER	VUMC 42070	2,596
93.999	6990		None	27,093
94.006	3600	JUMPSTART FOR YOUNG CHILDREN	480200	196,456
95.001	0800	Educational Services District	9003000088	30,466
95.001	2250	Cowlitz County Sheriff's Office	K10186	2,905
97.000	3600	DUKE UNIVERSITY	14-DHS-1100 AM01	543,148
97.000	3650	UNIV OF S CA	167561	27,462
97.047	3760	Military Dept-	E-15-173	280
97.056	2250	Seattle Fire Dept	K10875	742

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
97.061	3600	KANSAS STATE UNIVERSITY	S11198.04 MOD04	48,109
97.061	3600	UNIVERSITY OF ALASKA ANCHORAGE	R0288152 PO484663	5,758
97.061	3650	NORTHEASTERN UNIV	504928P0902320	38,698
97.061	3650	NORTHEASTERN UNIV	50503678050	28,964
97.065	3650	BRIGHAM YOUNG UNIV NON FED	130389	1,114
97.067	2250	Clallum County Sheriff's Office	C140346FED	6,006
97.067	2250	Clallum County Sheriff's Office	K10217	13,266
97.067	2250	Seattle Police Dept	K10879	1,020
97.077	3650	FISK UNIVERSITY	WSU001066	275,715
97.130	3650	MEDICAL UNIV OF SOUTH CAROLINA	MUSC13003	122,419
98.000	3650	MI ST UNIV	RC102095	89,019
98.000	3650	PURDUE UNIV	410600008000044906	41,017
98.000	3650	ROOTS OF PEACE	R0PAGREDSUB120003	461,022
98.001	3600	IREX	FY15-AMDI-TASCHA-01	55,144
98.001	3600	MANAGEMENT SCIENCES FOR HEALTH, INC.	A197201103ITECHMOD09	-8,976
98.001	3600	POPULATION COUNCIL	SH1211 AM01	623
98.001	3600	POPULATION COUNCIL	SR1405 AM02	87,700
98.001	3600	THE POPULATION COUNCIL	SH1425	29,319
98.001	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00008193 AM03	9,839
98.001	3600	UNIVERSITY OF CALIFORNIA, BERKELEY	00008193 AM04	313,959
98.001	3600	UNIVERSITY OF CALIFORNIA, SAN DIEGO	44827833 PO#S9000468	79,247
98.001	3650	IA ST UNIV FED FLOW	4044087D	-61
98.001	3650	VA TECH UNIV	42597619276	43,908
98.001	3800	Western Kentucky Univ	557201-14-002	3,082
99.000	3600	CONFEDERATED TRIBES OF THE COLVILLE RESE	UW BUD# 661402	3,494
99.000	3600	DANA-FARBER CANCER INSTITUTE	2013HI314001APS6192921	74,537
99.000	3600	DANA-FARBER CANCER INSTITUTE	2013HIT321001BPS619292	543
99.000	3600	DANA-FARBER CANCER INSTITUTE	PS 6243102	7,679

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<b>Federal Catalog No.</b>	<b>State Agency No.</b>	<b>Pass-Through Entity Name</b>	<b>Award/Contract Control Number</b>	<b>Expenditure Amount</b>
99.000	3600	DUKE UNIVERSITY	15-USG-1064 MOD02	15,995
99.000	3600	INTERNATIONAL COMPUTER SCIENCE INSTITUTE	PROJECT #802UW MOD07	8,000
99.000	3600	KITTELSON AND ASSOCIATES	NCHRP3107AM02NO12126	35,851
99.999	3650	TRI CO ECONOMIC DEVELOPMENT DIST	TEDDWSUOGRD119414	7,480

**Total Pass-Through Funds** 182,492,665

**State of Washington  
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(Expressed in whole dollars)*

**Note G:**

**Supplemental Information for Pass-Through Federal Assistance  
(State as Subrecipient not included on the Schedule)**

<b>CFDA #</b>	<b>State Agency Number</b>	<b>Grantor</b>	<b>Award Contract Number</b>	<b>Expenditure Amount</b>
17.258	540	Olympic Consortium WDC-1	6312, 6322, 7314, 7324, 7334	371,313
17.258	540	Pacific Mountain WDC-2	5044, 5045	163,000
17.258	540	SnohomishCounty WDC-4	6714, 6723, 6724	110,774
17.258	540	North Central WA WDC-8	7634, 7684, 7864,7704	115,153
17.258	540	Spokane Area WDC-12	7804, 7814, 7833, 787x	400,367
<b>17.258 Total</b>				<b>1,160,607</b>
17.259	540	North Central WA WDC-8	7634, 7684,7704,7714, 7724, 7754, 7864	125,587
<b>17.259 Total</b>				<b>125,587</b>
17.277	540	Pacific Mountain WDC-2	5104, 5114	71,865
17.277	540	SnohomishCounty WDC-4	6743	34,853
17.277	540	Eastern WA Partnership WDC-10	2953, 2984	30,129
17.277	540	Spokane Area WDC-12	3614	10,671
<b>17.277 Total</b>				<b>147,518</b>
17.278	540	Olympic Consortium WDC-1	6312, 6322, 6344, 6354, 6364, 6504, 6514, 6524, 6563, 6573, 6583, 7344, 7354, 7364	603,165
17.278	540	Pacific Mountain WDC-2	5024, 5034, 505x, 506x, 507x, 508x, 509x	635,799
17.278	540	SnohomishCounty WDC-4	6704, 673x, 6754, 6764	111,805
17.278	540	North Central WA WDC-8	7634, 7664, 7674, 7684, 7744, 7864	119,317
17.278	540	Eastern WA Partnership WDC-10	292x, 293x, 2964	367,339
17.278	540	Spokane Area WDC-12	7804, 7833, 787x, 7824, 7894, 7904	304,693
<b>17.278 Total</b>				<b>2,142,117</b>

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**State of Washington  
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The State's internal controls over Medicaid payments processed by ProviderOne are inadequate to ensure those payments are properly processed and recorded.</p> <p>None</p> <p>Corrective action in progress</p> <p>The state recognizes the significance and priority of internal controls over recording and reporting financial transactions. Currently the ProviderOne vendor provides an independent service organization control audit every other year. The state is negotiating with the vendor to provide annual audit reports that cover an entire fiscal year, and has requested funding from the legislature to do so.</p> <p>Estimated December 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	002	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The State should improve internal controls over the processing and recording of Unemployment Insurance premium payment and wage information to ensure accurate reporting.</p> <p>None</p> <p>Corrective action in progress</p> <p>As of June 2015, the state’s Department of Employment Security began a process to ensure the nightly file received from the bank is available in the Next Generation Tax System (NGTS) and the daily bank reconciliation is performed. The Department’s Tax Accounting Unit Manager reviews the reconciliation to ensure it is completed daily.</p> <p>In September 2015, as soon as the finding was received, the Department created a workgroup, including the Department’s Commissioner, to review the recommendations identified in the finding to ensure all recommendations are addressed timely. By April 2016, this workgroup will conduct a root cause analysis of all issues identified in the audit and determine the next steps to correct the issues.</p> <p>As of October 2015, to address the defects within NGTS, the Department implemented a temporary work around process that is being used to reconcile NGTS with the Agency Financial Reporting System (AFRS), the state’s general ledger accounting system. This new process will be used until the permanent fixes are implemented.</p> <p>As of December 2015, the Department implemented system enhancements within NGTS to ensure all new tax and wage report and payment exceptions identified are assigned to Department staff daily. Each unit manager is responsible for reviewing the exception queues daily to ensure exceptions are being processed timely.</p> <p>Also as of December 2015, the Department manually corrected all errors identified in the audit related to NGTS incorrectly assessing tax rates for employer experience ratings when a business is purchased by a successor owner. Additionally, the Department made changes within NGTS, including correcting the coding formula, which has decreased the number of errors significantly.</p>

**State of Washington  
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**State of Washington**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	002 (cont'd)	<p>The Department is continuing work to address the issues noted in this finding including:</p> <ul style="list-style-type: none"> <li>• Developing and implementing a new review and approval process for validating wage adjustment accuracy in the Department's Tax Accounting unit.</li> <li>• Establishing and implementing a process to identify new successor employer accounts that are not applying the correct tax rate.</li> <li>• Correcting the coding within NGTS to ensure that benefit charges are consistent with the benefit charge history.</li> <li>• Implementing a process to ensure employer payments and tax and wage information identified for manual reviews are processed timely.</li> <li>• Ensuring all old tax and wage report and payment exceptions are processed and corrected. Additionally, the Department plans to establish a process to ensure that documents are scanned into the appropriate document type so they can be processed timely.</li> <li>• Establishing and implementing a process to identify accounts that are incorrectly assessing the predecessor and successor rate to employer accounts.</li> <li>• Creating or revising NGTS reports to ensure they are complete and accurate.</li> <li>• Working with the programmers for NGTS to revise current accounting reports and identify new reports needed.</li> <li>• Prioritizing and correcting interfaces to ensure information transmitted is complete and accurate.</li> </ul> <p>Due to the significant number of issues requiring system changes, it is difficult to estimate a completion date but the Department has a goal of December 2016 to complete corrective action.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>

**State of Washington  
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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
2015	003	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services improperly charged \$5.6 million to multiple federal grants.</p> <table border="0"> <thead> <tr> <th data-bbox="609 653 695 678"><u>CFDA#</u></th> <th data-bbox="1016 653 1105 678"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="609 684 695 709">10.551</td> <td data-bbox="1016 684 1105 709">\$5,610,700</td> </tr> <tr> <td data-bbox="609 716 695 741">10.561</td> <td></td> </tr> <tr> <td data-bbox="609 747 695 772">93.558</td> <td></td> </tr> <tr> <td data-bbox="609 779 695 804">93.566</td> <td></td> </tr> <tr> <td data-bbox="609 810 695 835">96.001</td> <td></td> </tr> <tr> <td data-bbox="609 842 695 867">96.006</td> <td></td> </tr> </tbody> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>As an immediate fix to rectify the existing issue, including questioned costs, the Department’s Economic Services Administration (ESA) will utilize a manual journal voucher process to ensure full compliance.</p> <p>The Department will also work with the appropriate federal agencies to discuss changing and/or updating the compliance supplement to better align with the state’s business practices for cash draws and reporting of the federal grants. The Department will continue discussions with its federal partners regarding what, if any, of the questioned costs should be repaid and acceptance of its prospective corrections.</p> <p>The Department plans to establish, sponsor and lead a cross-agency committee to review the processes involved and recommend implementation of changes to the existing Cost Allocation System methodology.</p> <p>The conditions noted in this finding were previously reported in finding 2014-022.</p> <p>Estimated September 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	10.551	\$5,610,700	10.561		93.558		93.566		96.001		96.006	
<u>CFDA#</u>	<u>Amount</u>																
10.551	\$5,610,700																
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**Superintendent of Public Instruction**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2015	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal reporting requirements for the Child and Adult Care Food Program.</p> <table border="0"> <tr> <td data-bbox="602 688 695 716"><u>CFDA#</u></td> <td data-bbox="1019 688 1105 716"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 716 695 743">10.558</td> <td data-bbox="1019 716 1105 743">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>During the implementation of the new application and claiming system, Washington Integrated Nutrition System (WINS), there were issues with the system data query developed for the Report of the Child and Adult Care Food Program (FNS-44). The Office worked closely with the WINS contracted developer to ensure the system data queries are now complete and accurate. The FNS-44 reports have been corrected and re-submitted to the U.S. Department of Agriculture. The Office’s financial analyst supervisor ensures that the reports and detailed backup documentation are reconciled and properly maintained.</p> <p>February 2016</p> <p>Toni Bernethy Superintendent of Public Instruction PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>	<u>CFDA#</u>	<u>Amount</u>	10.558	\$0
<u>CFDA#</u>	<u>Amount</u>						
10.558	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Commerce did not have adequate internal controls to ensure HOME Investment Partnerships Program income was used before requesting federal cash draws.</p> <table border="0" data-bbox="602 678 1105 741"> <tr> <td data-bbox="602 678 699 709"><u>CFDA#</u></td> <td data-bbox="1011 678 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 699 741">14.239</td> <td data-bbox="1011 709 1105 741">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. The Department is currently conducting a Lean process improvement event documenting the current process, including functions in both the accounting and program areas. The process improvement team is identifying and documenting barriers, and proposing a new process to eliminate those inefficiencies. The new process will include a number of improvements designed to increase efficiency and internal controls.</p> <p>The Department will continue to:</p> <ul style="list-style-type: none"> <li>• Maintain a “check” register showing the deposits made to the HOME Program Income account.</li> <li>• Identify the balance in the HOME Program Income account at a minimum of twice a month.</li> <li>• Require the approval of the Federal Draw and the HOME Program Income payment be completed by the supervisor that oversees banking authorizations.</li> <li>• Require the approval of the HOME Program Income account bank reconciliation to be conducted by the Accounting Manager</li> </ul> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Implement additional process improvements as identified by the process improvement team.</li> <li>• Update the desk manual for HOME program income and federal draws to include the process identified above.</li> <li>• Identify, document, and communicate roles and responsibilities.</li> <li>• Update policies and procedures and ensure it is communicated to all necessary staff.</li> <li>• Provide training on the updated policies and procedures to all necessary staff both initially and ongoing.</li> </ul> <p>In addition, the Department will consult with the federal grantor to determine if</p>	<u>CFDA#</u>	<u>Amount</u>	14.239	\$0
<u>CFDA#</u>	<u>Amount</u>						
14.239	\$0						

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	005 (cont'd)	<p>any interest earning are owed to the federal government and respond accordingly.</p> <p>The conditions noted in this finding were previously reported in findings 2014-005, 2013-004 and 12-08</p> <p>Completion Date: Estimated June 2016</p> <p>Agency Contact: Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a></p>

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	006	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls over and did not comply with requirements to ensure only eligible claimants of the Unemployment Insurance program received benefits.</p> <table border="0"> <tr> <td data-bbox="609 682 755 714"><u>CFDA#</u></td> <td data-bbox="1015 682 1112 714"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 714 755 745">17.225</td> <td data-bbox="1015 714 1112 745">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>As of February 2016, the Department has reviewed the work search verification and job search review processes to determine what new processes need to be implemented or changed to ensure the only eligible claimants receive the benefits.</p> <p>By September 2016, the Department will develop new policies and procedures to improve work search verification and job search review and monitoring processes. These procedures will include: management oversight to ensure accuracy and completeness, a new monitoring system that ensure the weekly in-person reviews have been completed, documentation retention requirements, and the minimum number of required verifications.</p> <p>Estimated October 2016</p> <p>Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.225	\$0
<u>CFDA#</u>	<u>Amount</u>						
17.225	\$0						

**State of Washington  
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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	007	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department paid Trade Readjustment Allowance program benefits to participants who were not eligible to receive them.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td style="text-align: right;">\$5,530</td> </tr> </table> <p>Corrective action in progress</p> <p>By June 2016, the Department will implement the following controls to improve the program compliance and to ensure that only eligible participants receive services and benefits:</p> <ul style="list-style-type: none"> <li>• Develop new policies and procedures to improve application eligibility review process, establish secondary review and oversight to reduce errors increase program compliance and accuracy.</li> <li>• Set up new requirements for managerial oversight, conducting ongoing reviews, random testing and sampling.</li> <li>• Conduct quarterly trainings to increase staff's knowledge on the TRA program requirements.</li> <li>• Contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</li> </ul> <p>Estimated June 2016</p> <p>Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.225	\$5,530
<u>CFDA#</u>	<u>Amount</u>						
17.225	\$5,530						

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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department made unsupported payments to Trade Readjustment Allowance program participants.</p> <table border="0" data-bbox="609 646 1104 709"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>17.225</td> <td>\$4,772</td> </tr> </table> <p>Corrective action in progress</p> <p>As of February 2015, the Department began scanning and maintaining supporting payment documentation in accordance with federal and state record retention guidelines.</p> <p>By October 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Implement a new computer system that will increase the payment accuracy and documentation process.</li> <li>• Establish new procedures over the Trade Readjustment Allowance (TRA) program payment documentation and retention. TRA staff will submit a copy of the payment supporting documentation to the Finance Department for their records.</li> <li>• Establish ongoing managerial oversight and review to improve the program compliance over the payment documentation and retention.</li> <li>• Contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</li> </ul> <p>Estimated October 2016</p> <p>Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.225	\$4,772
<u>CFDA#</u>	<u>Amount</u>						
17.225	\$4,772						

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Fiscal Year	Finding Number	Finding and Corrective Action Plan	
2015	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program received benefits.</p> <p><u>CFDA#</u> 17.245</p> <p><u>Amount</u> \$0</p> <p>Corrective action in progress</p> <p>As of February 2015, the Department added additional staff to increase support and initiated separation of duties by assigning one individual to determine the eligibility for benefits using the General Unemployment Insurance Design Effort (GUIDE) system and a second individual to enter information into the Case Management System.</p> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish a plan to increase accuracy and efficiency within the Trade Adjustment Assistance (TAA) program, which will include the following activities: increased managerial oversight and review over the eligibility determination process, completion of spot checks and conducting random testing.</li> <li>• Set up new guidelines that will assist TAA program staff determine eligibility to ensure participants meet program requirements before authorizing payment, and developing a checklist to ensure proper documentation is in place.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-009.</p> <p>Estimated June 2016</p> <p>Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>

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**Employment Security Department**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2015	010	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department did not have support for transportation reimbursement payments to Trade Adjustment Assistance program participants.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.245</td> <td style="text-align: right;">\$643</td> </tr> </table> <p>Corrective action in progress</p> <p>As of February 2015, the Department began scanning and maintaining transportation reimbursement payment supporting documentation in accordance with federal and state record retention guidelines.</p> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Redesign the claim forms requiring an additional review of the payment calculation for accuracy by field and a second review by central office staff.</li> <li>• Implement segregation of duties within the payment process where one individual enters the payment information and another individual verifies the payment before delivering the payment batch to vendor payment unit.</li> <li>• Create new procedures that incorporate strong internal controls that will be reviewed and monitored by management on an ongoing basis.</li> <li>• Establish written policies and procedures to address changes to a planned new payment process.</li> <li>• Contact the federal awarding agency, U.S. Department of Labor, to determine what, if any, of the questioned costs should be repaid.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-008.</p> <p>Estimated June 2016</p> <p>Laura Scheel Employment Security Department PO Box 46000 Olympia, WA 98504-6000 (360) 902-9276 <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.245	\$643
<u>CFDA#</u>	<u>Amount</u>						
17.245	\$643						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	011	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls to ensure compliance with the earmarking requirements for the Drinking Water State Revolving Funds program.</p> <table border="0" data-bbox="602 680 1105 743"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>66.468</td> <td>\$0</td> </tr> </table> <p>Corrective action complete</p> <p>In order to qualify additional requests for subsidy that in previous years were not captured, the Department added a third tier of application screening. This is done during the underwriting process by identifying those applicants who have a Debt Service Coverage Ratio less than 1.20:1. The applicants identified and placed on a list for consideration for subsidy dollars if they have not been utilized using the first two screening methodologies. The Department has begun the screening and drafted changes to its guidance manual to document this process. The Department expects to publish the guidance within the next couple of months.</p> <p>As of January 2016, the Department’s Loan and Grant Program Supervisor began tracking subsidies. The Department is also verifying and documenting subsidy dollars on an ongoing basis in the Drinking Water State Revolving Fund weekly team meetings to ensure accuracy of the dollars. The Department will notify the grantor prior to year-end annual report if it is determined that the minimum requirement of 20 percent subsidy will not be met.</p> <p>January 2016</p> <p>Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	66.468	\$0
<u>CFDA#</u>	<u>Amount</u>						
66.468	\$0						

**State of Washington  
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**Superintendent of Public Instruction**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2015	012	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not have adequate internal controls over and did not comply with federal suspension and debarment requirements for the Grants for State Assessments and Related Activities program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.369</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>As acknowledged by the auditors in their concluding remarks, the instance noted in this finding was isolated. The Office generally utilizes a standard contract template that includes suspension and debarment language. However in the instance noted in the finding, the Office, based on direction from the U.S. Department of Education, entered into a required contract with the University of California Los Angeles as part of the Smarter Balanced Assessment Consortium grant agreement. The required contract lacked suspension and debarment language.</p> <p>In response to this finding, in the future if there is a circumstance in which the Office does not use its standard contract template, the Director of Agency Financial Services will ensure that suspension and debarment language is included in the contract. If the required language is not included, evidence will be retained to confirm that the Office checked the System for Award Management to ensure vendors have not been suspended or debarred.</p> <p>February 2016</p> <p>Toni Bernethy, Director of Audit Management Superintendent of Public Instruction PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>	<u>CFDA#</u>	<u>Amount</u>	84.369	\$0
<u>CFDA#</u>	<u>Amount</u>						
84.369	\$0						

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**Superintendent of Public Instruction**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	013	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Office of Superintendent of Public Instruction did not maintain required documentation for payroll costs charged to the Grants for State Assessments and Related Activities program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.369</td> <td style="text-align: right;">\$196,904</td> </tr> </table> <p>Corrective action in progress</p> <p>In accordance with the Uniform Grant Guidance (2 CFR 200.430), the Office will evaluate and implement other options for providing reasonable assurance that payroll charges to federal awards are accurate, allowable and properly allocated. Until any changes are made, the Office’s Accounting Manager will ensure that semi-annual certifications are obtained in a timely manner.</p> <p>The Office will consult with the U.S. Department of Education regarding resolution of questioned costs.</p> <p>July 2016</p> <p>Toni Bernethy, Director of Audit Management Superintendent of Public Instruction PO Box 47200 Olympia, WA 98504-7200 (360) 725-6288 <a href="mailto:Toni.Bernethy@k12.wa.us">Toni.Bernethy@k12.wa.us</a></p>	<u>CFDA#</u>	<u>Amount</u>	84.369	\$196,904
<u>CFDA#</u>	<u>Amount</u>						
84.369	\$196,904						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	014	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not follow established internal controls over and did not comply with Federal Financial Reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td data-bbox="609 716 755 743"><u>CFDA#</u></td> <td data-bbox="1015 716 1105 743"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 743 755 770">93.069</td> <td data-bbox="1015 743 1105 770">\$0</td> </tr> <tr> <td data-bbox="609 770 755 798">93.889</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department has reviewed its written policies and procedures with all fiscal staff responsible for preparing, reviewing, approving and submitting Federal Financial Reports (FFR).</p> <p>Internal controls include separation of duties between fiscal staff who prepare the FFR, program staff who review and approve the draft FFR, and the Grants Manager or designee who reviews, approves and submits the FFR.</p> <p>The Department strives to accurately submit all Federal Financial Reports and will continue to do so in the future.</p> <p>February 2016</p> <p>Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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(This plan only addresses findings reportable under the revised OMB Circular A-133.)

**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	015	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health did not have adequate internal controls over federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness programs and did not comply with federal level of effort requirements for the National Bioterrorism Hospital Preparedness program.</p> <table border="0"> <tr> <td data-bbox="602 743 699 772"><u>CFDA#</u></td> <td data-bbox="1013 743 1105 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 772 699 802">93.069</td> <td data-bbox="1013 772 1105 802">\$0</td> </tr> <tr> <td data-bbox="602 802 699 831">93.889</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. The Department established, and now follows, written policies and procedures for tracking, documenting, and requirements for reporting the level of effort.</p> <p>The Department communicated with its federal grantor to determine the best method for how and when to provide notification in the event that the required level of effort will not be met. The Department will be communicating with its federal partners on a quarterly basis.</p> <p>The conditions noted in this finding were previously reported in findings 2014-016, 2013-012, 12-21 and 11-20.</p> <p>February 2016</p> <p>Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2015	016	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.243</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.959</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department originally dedicated one staff person to do this work, but due to downsizing and turn over, this position was eliminated. The Department is re-evaluating where this workload should be.</p> <p>As of December 2015, the Department conducted follow-up telephone interviews or on-site visits with subrecipient contractors as appropriate when findings were reported to ensure corrective action plans were followed. Follow-up is documented in the subrecipient tracking system.</p> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Establish policies and procedures to ensure all required audits occur. Changes in procedures will likely include revised contract language and a clearly defined process for following up on findings and ensuring federal funds are properly reported.</li> <li>• Ensure all completed subrecipient audits are also included in the subrecipient tracking system.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-019.</p> <p>Estimated June 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.243	\$0	93.959	
<u>CFDA#</u>	<u>Amount</u>								
93.243	\$0								
93.959									

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	017	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and was not compliant with its required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Substance Abuse and Mental Health Services Projects of Regional Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.243</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.959</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In February 2015, the Department established policies, procedures and internal controls to obtain Data Universal Numbering System (DUNS) numbers from subrecipients prior to making subawards in accordance with 2 CFR, Appendix A to Part 25. DUNS numbers are now recorded in the special terms and conditions of all applicable contracts.</p> <p>The new procedures include a requirement for program staff to reject contract forms received from a subrecipient that do not include the subrecipient's DUNS number. New procedures also include maintaining of a list of and annually reporting DUNS numbers for all subrecipients.</p> <p>The conditions noted in this finding were previously reported in finding 2014-020.</p> <p>February 2015</p> <p>Rick Meyer External Audit Compliance Manager PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.243	\$0	93.959	
<u>CFDA#</u>	<u>Amount</u>								
93.243	\$0								
93.959									

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	018	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to sanction Temporary Assistance for Needy Families program participants who were not cooperative with the Department regarding child support issues.</p> <table border="0" data-bbox="609 703 1104 777"> <tr> <td data-bbox="609 703 698 735"><u>CFDA#</u></td> <td data-bbox="1015 703 1104 735"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 735 698 766">93.558</td> <td data-bbox="1015 735 1104 766">\$943</td> </tr> </table> <p>Corrective action in progress</p> <p>All issues identified by the auditors were for clients served by both Division of Child Support (DCS) and the Community Services Division (CSD). The root cause of this issue was a miscommunication between the DCS and CSD systems. Once the issue was brought to the Department’s attention, DCS and CSD collaborated to identify and resolve the system issue. In addition to the immediate correction, CSD and DCS will work together to proactively identify and resolve any further systems communication gaps relative to sanctioning a shared client in noncooperation status.</p> <p>As of February 2016, CSD issued overpayments for all exceptions identified in this audit. All overpayments were referred to the Department’s Office of Financial Recovery (OFR) for processing.</p> <p>By June 2016, CSD will review and will take appropriate action on all cases with non-cooperation sanctions during the audit period.</p> <p>CSD leadership will remind staff to review each case record for non-cooperation notices prior to approving TANF payments while working towards a long-term, automated solution to ensure all cases in non-cooperation status are properly sanctioned.</p> <p>To further prevent another technical glitch, DCS made improvements to their release planning and implementation process, including a quality assurance process to be engaged prior to new release implementation.</p> <p>CSD has commissioned a workgroup to develop and recommend an automated solution for updating and/or flagging closed cases in non-cooperation status to ensure these cases will be handled appropriately if the case is reopened.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>Estimated June 2016</p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$943
<u>CFDA#</u>	<u>Amount</u>						
93.558	\$943						

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	018 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	019	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements of its Temporary Assistance for Needy Families grant work verification plan.</p> <p><u>CFDA#</u> 93.558</p> <p><u>Amount</u> \$0</p> <p>Corrective action in progress</p> <p>By March 2016, the Department’s Community Services Division (CSD) staff will create electronic reminders to request monitoring reports and schedules, as appropriate, from partner agencies.</p> <p>Additionally by March 2016, CSD will initiate a workgroup that will develop effective monitoring tools and schedules to ensure the Department is following its federally approved work verification plan. The schedule will include retroactively monitoring and taking appropriate action on the partner contracts for the audit period. This workgroup will also recommend additional staffing to remedy workload issues, if warranted.</p> <p>By April 2016, CSD leadership will provide training to ensure the tools and schedules are effectively implemented.</p> <p>CSD will create an internal quality assurance process to further ensure that staff continues to adequately monitor the contracts.</p> <p>The Department would like to note contract monitoring is not the sole activity quantifying the accuracy of the data used in calculating the work participation rates. The Department performs the following control procedures in accordance with the Work Verification Plan:</p> <ul style="list-style-type: none"> <li>• An extensive Quality Assurance (QA) process that the Department annually conducts for each of the three contracted agencies.</li> <li>• A review and verification process that the Department conducts monthly related to the integrity and accuracy of the data provided for the work participation rates.</li> </ul> <p>Estimated May 2016</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	019 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	020	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls in place to ensure compliance with the maintenance of effort requirements for the Temporary Assistance for Needy Families grant program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.558</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department will modify its internal controls, policies and procedures specific to monitoring expenditures throughout the year, at least quarterly, in order to ensure that the minimum maintenance of effort (MOE) requirements will be met. These policies and/or procedures will also identify the steps and processes for staff to ensure that the MOE expenditures are accurate, allowable and adequately supported. The Department will communicate the modified procedures to those individuals responsible for monitoring MOE to ensure compliance with federal requirements.</p> <p>Estimated May 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	021	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls in place for submitting quarterly and annual reports for the Temporary Assistance for Needy Families Grant.</p> <table border="0"> <tr> <td data-bbox="602 680 699 709"><u>CFDA#</u></td> <td data-bbox="1013 680 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 699 739">93.558</td> <td data-bbox="1013 709 1105 739">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the overall findings of the auditors and appreciates the auditors' acknowledgement that they have verified the amounts reported by the Department were materially correct.</p> <p>The Department asserts that staff completing the reports reviewed documentation and analyzed costs to confirm that reported amounts met the federal maintenance of effort (MOE) requirements. This documentation, which includes a comprehensive matrix that identifies services and costs charged to the program, was reviewed by Department staff to ensure reported amounts were accurate, allowable and supported prior to the MOE being reported to the federal government.</p> <p>The Department agrees that documentation should be immediately available, well organized, and updated as appropriate. The Department will develop written procedures and policies requiring yearly certifications for the MOE report prior to submitting to the federal government. The policies and procedures will identify the steps and processes for staff to ensure that the MOE report is accurate, allowable and adequately supported. The Department will also develop and implement additional controls to ensure reporting requirements are met.</p> <p>Estimated May 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.558	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.558	\$0						

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2015	022	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with requirements to ensure only eligible refugees of the Refugee and Entrant Assistance program received cash assistance.</p> <table border="0" data-bbox="602 709 1105 772"> <tr> <td data-bbox="602 709 699 772"><u>CFDA#</u></td> <td data-bbox="1008 709 1105 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 737 699 772">93.566</td> <td data-bbox="1008 737 1105 772">\$23,213</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding.</p> <p>The Department takes its responsibility to provide strong program oversight through appropriate internal controls seriously. The Department’s Office of Refugee and Immigrant Assistance (ORIA) implemented many action items aimed at resolving the finding. Unfortunately, the timing of the audit and subsequent findings allowed only three months for the corrective action plan to be fully effective. The majority of the clients identified as not referred to Work and Training (W&amp;T) in the current audit were enrolled prior to the full implementation of the prior audit corrective action plan items.</p> <p>From the fiscal year 2014 to the fiscal year 2015 audit, the Department’s accuracy rate increased and questioned costs decreased in both areas (eligibility and documentation). For this audit, the auditors determined that two applicants were improperly approved for Refugee Cash Assistance (RCA) benefits because they were eligible to receive Temporary Assistance for Needy Families funds, and 13 applicants lacked required documentation.</p> <p>As of January 2015, the Department’s Community Services Division (CSD) introduced a RCA referral tool in the electronic Jobs Automated System (eJAS) to refer and track RCA recipients. The tool requires CSD staff to complete an employability screening for eligible clients and to create a referral to an authorized employment provider. This tool has significantly increased appropriate referrals, and the Department will provide continued staff training and monitoring to ensure this new automated system is functioning and that all eligible refugees are referred to W&amp;T programs.</p> <p>By September 2016, CSD will ensure all Community Service Office staff receives annual training to facilitate accurate RCA eligibility determination and W&amp;T referrals. To complement the annual training, ORIA program managers will regularly visit local offices across the state to provide outreach and onsite technical assistance to ensure staff is appropriately trained and able to make accurate RCA eligibility determinations and W&amp;T referrals.</p>	<u>CFDA#</u>	<u>Amount</u>	93.566	\$23,213
<u>CFDA#</u>	<u>Amount</u>						
93.566	\$23,213						

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	022 (cont'd)	<p>ORIA will continue to review, track, and monitor RCA enrollments and employment referrals through a monthly report from the ESA Management Accountability and Performance Statistics unit. For those clients not referred to a W&amp;T program, ORIA will work with CSD Operations staff to correct errors in eligibility determination and employment referrals.</p> <p>By September 2016, ORIA will work with ESA’s Information Technology Solutions team to explore the feasibility of implementing a system edit, or “hard stop”, to prevent financial workers from inappropriately enrolling a minor into RCA (in the Automated Client Eligibility System).</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-021.</p> <p>Completion Date: Estimated September 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	023	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.</p> <table border="0" data-bbox="609 682 1474 772"> <tr> <td data-bbox="609 682 698 714"><u>CFDA#</u></td> <td data-bbox="1015 682 1104 714"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 714 698 745">93.575</td> <td data-bbox="1015 714 1104 745">\$64,802</td> </tr> <tr> <td data-bbox="609 745 698 777">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department of Early Learning (Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments. The Department currently audits randomly selected attendance records within four months after the end of the payment month.</p> <p>In January 2012, the Working Connection Child Care (WCCC) subsidy audit team was created within the Department to meet federal internal control requirements of the WCCC subsidy program. The team started with four Quality Assurance (QA) specialists and one lead worker. In December 2013, the team hired three new QA specialists. From February 2014 through May 2014, the Department had two QA specialists dedicated to the Federal Improper Payment Audit.</p> <p>In 2012, the Washington State Legislature required the Department in coordination with DSHS to contract with an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation was required to include an analysis of Lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination.</p> <p>The Department contracted with the Aclara Group to provide an evaluation of the Child Care Subsidy Programs (CCSP) and develop recommendations for business process improvements. Aclara’s final report was completed on October 31, 2012. The report identified 29 recommendations for improvement that span policy, business processes, and information technology supports. The Department is taking a structured project approach to address the report recommendations. The proposed project structure fosters a close partnership between the Department and DSHS to streamline and simplify CCSP policies and processes. The Department and DSHS formed 14 interagency workgroups to analyze these recommendations and implement those that would improve the program. This project was completed in July 2015.</p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$64,802	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$64,802								
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**Department of Early Learning**

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2015	023 (cont'd)	<p>Starting in July 2014, the Department collaborated with DSHS on an interagency and interdivision Lean Six Sigma process improvement effort to address the high rate of overpayments the Department is currently experiencing. The effort includes mapping multiple related work processes to identify variables that may contribute to overpayments and identifying improvements that can be made to these processes that could help lower the rate of overpayments. As of July 2015, the Department completed Lean process maps for all subsidy audit work processes and identifying areas for improvement. Work is ongoing in many areas to implement improvements.</p> <p>In November 2014, the Department and DSHS formed a WCCC reframe workgroup designed to address the recent reauthorization of the Child Care Development Fund grant.</p> <p>Part of the scope of this work is to conduct a comprehensive analysis of billing and other child care provider requirements that have the potential to cause confusion or otherwise increase the risk of improper billing. The workgroup continues to collaborate on this analysis on an ongoing basis. The Department will continue to audit records up to twelve months old in cases where providers back bill for a prior period. If the Department reviewed only very recent records as requested by the auditor, the population of records to review would be incomplete and providers could submit invoices for time periods that wouldn't be subject to audit, which would create a significant risk factor that could increase fraud. Also, the statute of limitations is three years for establishing an overpayment and the Department's reviews have historically been made within this timeframe</p> <p>In February 2015, the Department and DSHS formed a Child Care Audit Committee designed to address internal and external audit issues, and improve internal controls over client eligibility and direct payments to child care providers. This group continues to meet and collaborate on process improvements.</p> <p>In the most recent required Child Care Development Fund Program State Improper Payment Report submitted in July 2014, the Department reported that, of 276 cases sampled, nine cases (3.3 percent of the total) had an improper payment error (overpayment or underpayment). The national improper payment error rate for this same period was 5.7 percent, so the Department is well below this national average. The federal government requires a corrective action plan for states exceeding 10 percent.</p>

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**Department of Early Learning**

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2015	023 (cont'd)	<p>In March 2016, the Department began clarifying subsidy program rules and policies, using provider feedback to improve training, developing record keeping templates, and communicating more frequently with DSHS.</p> <p>The Department will continue to request funding for an electronic time and attendance billing system, which will ensure attendance data for all providers are available and reconciled to billing before payment is made. Such a system would eliminate many forms of potential fraud and decrease the number of unintentional billing errors that cause high levels of improper payments.</p> <p>The Department is exploring an interim IT solution that will allow the Department to receive electronic attendance records from all child care providers receiving subsidy payments.</p> <p>The Department is committed to improving its audit approach to include changing how cases are assigned, increasing auditor training, and implementing risk-based auditing techniques. For example, the Department is considering expanding attendance record review in cases where the Department has information to suggest it is likely to uncover additional types of billing errors, return substantial sums to the grant, or assist with fraud investigations. The Department will also continue the recent change to audit providers based on month of payment rather than month of service in an effort to improve the timeliness of audit reviews.</p> <p>The conditions noted in this finding were previously reported in finding 2014-023, 2013-016, 12-28, 11-23, 10-31, 09-12, and 08-13.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	024	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding. To address the weaknesses noted in the finding, the Department has taken or is taking the following steps:</p> <ul style="list-style-type: none"> <li>• Recently created a licensing background unit that will allow staff to better manage fingerprint requirements.</li> <li>• Immediately shifting licensing staff resources from regions where work is being completed timely to regions where staff are behind, while an analysis of the number of staff needed is conducted to satisfy the licensor to child care provider requirements of the Child Care and Development Block Grant (CCDBG) Act of 2014.</li> <li>• Undertaking emergency rulemaking and update policies to clarify that licensors do not need to inspect licensees that have become inactive.</li> <li>• Clarify policies and procedures and provide additional training to licensing staff on the revisions.</li> <li>• Continue to request funding from the legislature to develop an integrated licensing management system.</li> </ul> <p>The above steps will increase compliance with state rules and agency policies and procedures to ensure that childcare providers are meeting all applicable health and safety requirements.</p> <p>Estimated October 2016</p> <p>Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	025	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Early Learning did not have adequate internal controls over child care fraud detection and repayments.</p> <table border="0"> <tr> <td data-bbox="609 646 698 678"><u>CFDA#</u></td> <td data-bbox="1015 646 1104 678"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 678 698 709">93.575</td> <td data-bbox="1015 678 1104 709">\$0</td> </tr> <tr> <td data-bbox="609 709 698 741">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>To address the finding, the Department is taking the following actions:</p> <ul style="list-style-type: none"> <li>• Developing written policies and procedures for staff to follow when potential fraud is suspected.</li> <li>• Providing training, in collaboration with the Department of Social and Health Services (DSHS) Office of Fraud and Accountability (OFA), on the elements of fraud to Department audit and licensing staff responsible for making decisions to refer cases to Subsidy Policy and Audit Manager, who makes the final decision to refer to OFA for action.</li> <li>• In cases of suspected fraud, expanding review of provider attendance records where necessary to support fraud investigation.</li> <li>• Continuing to request funding for an electronic time and attendance billing system whereby attendance data for all providers is available and reconciled to billings before payment is made. Such a system would eliminate many forms of potential fraud and decrease the number of unintentional errors that cause high levels of improper payments.</li> <li>• Exploring an interim IT solution that will allow the Department to receive electronic attendance records from all child care providers receiving subsidy payments.</li> </ul> <p>Estimated December 2016</p> <p>Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	026	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with client eligibility requirements for the Child Care Development Fund.</p> <table border="0" data-bbox="602 678 1105 772"> <tr> <td data-bbox="602 678 699 709"><u>CFDA#</u></td> <td data-bbox="1011 678 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 699 741">93.575</td> <td data-bbox="1011 709 1105 741">\$12,967</td> </tr> <tr> <td data-bbox="602 741 699 772">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not concur with this finding. The Department thoroughly reviewed each of the 34 cases in question, and maintains Department staff correctly determined eligibility in every single case.</p> <p>The Department must make “point in time” eligibility determinations based on the information available at the time of application. Per Washington Administrative Code, if a consumer does not provide all of the verification information requested, the Department is required to determine eligibility based on the information already available to the Department.</p> <p>While the Department made accurate initial eligibility determinations in 100 percent of the 399 cases reviewed by the auditors, the Department concurs that it is likely that in six cases improper payments were made to childcare providers, not 34 as identified in the finding. In five of the six cases in question, the clients failed to accurately report information in the initial application or failed to report changes in their circumstances as required by rule. The Department became aware of this information after making the initial, accurate eligibility determinations. In the sixth case, the Department had appropriately terminated the client’s eligibility, however, a minor procedural error allowed child care to briefly continue.</p> <p>In all six cases, the Department was already aware of and actively addressing the client’s change in circumstances prior to the auditor’s review of the cases and associated payments. It is important to note that changes in a client’s circumstances do not necessarily result in changes to a client’s eligibility status. Minor changes may result in a slight fluctuation of co-payment or hours of care approved.</p> <p>The Department’s calculation of total questioned costs is \$2,919, not \$12,967 as proposed by the auditor. The Department has reviewed the cases in question, and is pursuing overpayments as appropriate.</p> <p>The Department implemented monitoring protocols to establish appropriate separation of duties between staff who determine eligibility and staff who</p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$12,967	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$12,967								
93.596									

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	026 (cont'd)	<p>authorize payments. Specifically:</p> <ul style="list-style-type: none"> <li>• The Department’s “universal caseload model” utilizes analytics to prioritize and randomly assign work activities to staff. This provides a process where case actions, such as eligibility determination and authorization for care, are highly likely to be completed by different workers. The assigned worker will review the case (a secondary review) each time they receive an assignment. This allows the worker to familiarize themselves with the case and confirm eligibility and payment information prior to completing the required case action. The worker will correct any errors they find prior to completing the assignment. Approximately 140 staff process child care cases, and the probability of the same case being assigned to the same worker for two case actions in a row is less than one percent.</li> <li>• The Department modified the system so a staff member who activates a license-exempt provider cannot make any payment authorizations for that provider. This electronic process reduces the potential for fraudulent payment authorizations.</li> <li>• Quarterly, regional staff review an integrity report which identifies cases where the same staff member has authorized four or more payments in a 15 month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.</li> </ul> <p>The Department also continues to perform the following child care authorization audits:</p> <ul style="list-style-type: none"> <li>• At least one percent of child care caseload monthly.</li> <li>• Exceptional payment authorizations are reviewed and approved by a supervisor before payment can be made. An example of an exceptional payment is when a child requires and is eligible for care six days per week due to parent work activity.</li> <li>• 100 percent pre/post authorization audits for all new childcare workers.</li> <li>• Review data provided by the Health Care Authority (HCA) and audit additional childcare payments identified as potentially error prone. HCA has developed and runs algorithms which identify billing anomalies. Providers who over-bill or are paid an incorrect rate are identified and overpayments are established. All paid authorizations are reviewed on a scheduled basis or where immediate, ad-hoc policy clarification, training or systems support may increase accuracy.</li> </ul>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	026 (cont'd)	<ul style="list-style-type: none"> <li>• Review cases identified by eligibility workers where it appears likely that an improper payment may have occurred and verification is requested. Specialized eligibility staff review the case specifics and verification documentation. Attendance records are requested to determine the amount of the improper payment.</li> </ul> <p>By April 2016, the Department will update the Working Connections Automated Program (WCAP) screens so the eligibility determination function and the benefit calculation function will display on separate screens, therefore, requiring staff to process each function separately.</p> <p>By July 2016, Community Services Division staff will will write overpayments as appropriate.</p> <p>If the Department of Health and Human Services (DHHS) contacts the Department regarding questionable costs that should be repaid, the Department will confirm these costs with DHHS and will take appropriate action in the form of payment.</p> <p>The conditions noted in this finding were previously reported in finding 2014-026, 2013-017, and 12-30.</p> <p>Completion Date: Estimated June 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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**Department of Early Learning and Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2015	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Departments of Early Learning and Social and Health Services did not establish adequate internal controls over and did not comply with period of availability requirements for the Child Care and Development Fund program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$21,320,595</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>As an immediate fix to rectify the existing issue, including questioned costs, the Department of Social and Health Services (DSHS) Economic Services Administration (ESA) and the Department of Early Learning (DEL) will develop, coordinate, and utilize a manual journal voucher process to ensure full compliance.</p> <p>The Departments will also work with the appropriate federal agency to discuss changing and/or updating the compliance supplement to better align with the state's business practices for cash draws and reporting of the federal grants. The Departments will continue discussions with their federal partner regarding what, if any, of the questioned costs should be repaid and acceptance of prospective corrections.</p> <p>DFFR will coordinate with the DSHS Office of Accounting Services to establish written policies and procedures to ensure compliance with grant requirements. This will be communicated with DEL by April 2016.</p> <p>The Departments plan to establish, sponsor and lead a cross-agency committee to review the processes involved and potentially recommend implementation of changes to the existing Cost Allocation System methodology.</p> <p>Estimated September 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$21,320,595	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$21,320,595								
93.596									

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	028	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls over and did not comply with foster care payment rate setting and application requirements for the Foster Care program.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.658</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The settlement of the Foster Parents Association of Washington State lawsuit and subsequent funding by the legislature beginning state fiscal year 2016, increased the basic maintenance rate paid to licensed foster care homes on July 1, 2015. The rate is based on an economic analysis of the cost of raising a child.</p> <p>The Department will review the maintenance payment rate again in 2019, based upon an economic analysis, to determine if the rate needs to be adjusted. If an increase is needed, the Department will submit a decision package for additional funding. Reviews after 2019 will occur periodically per federal regulation.</p> <p>The Department will add the periodic review of the maintenance payments to the Title IV-E State Plan by February 2016.</p> <p>The conditions noted in this finding were previously reported in finding 2014-027.</p> <p>Estimated February 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.Meyer@dshs.wa.gov">Richard.Meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.658	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.658	\$0						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	029	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed with the frequency required by federal regulations and state law.</p> <table border="0" data-bbox="602 680 1105 800"> <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>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. In an effort to meet state licensing requirements, the Department went through a hospital survey Lean process to help improve administrative processing and develop surveyor worksheets designed to create a more focused survey approach and concentrate on infection control, quality assurance, performance improvement, and care continuity (transitions in care).</p> <p>Both the hospital and home health agency (HHA) programs implemented improved scheduling practices that assured each facility type adhered to the respective survey timelines. Based on the data generated from this report, the previous average between Hospital surveys was 24.2 months. This average is now 18.2 months. Similar improvements were achieved in HHAs where the average for exceptions has been reduced to 37.8 months.</p> <p>The Department hired a manager to work specifically with the HHA surveyors to maintain current progress and push toward 100 percent compliance. Both the hospital and HHA survey managers will work with the accrediting organization to ensure continued coordination and ensure surveys are completed within prescribed timelines.</p> <p>The survey frequency requirements of 18 months for Hospitals and 36.9 months for HHAs, means improvement are measured and recognized over a period of years. Lean activities, increased staffing, and enhanced management oversight have all contributed to improvements which the Department expects to be duplicated in the coming years. Based on the above, the Department estimates completion by December 2017.</p> <p>The conditions noted in this finding were previously reported in findings 2014-028, 2013-019, 12-33 and 11-25.</p> <p>Estimated December 2017</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778	ARRA and non-ARRA										

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	029 (cont'd)	Agency Contact:	Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a>



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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	031	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not collect application fees from prospective or re-enrolling Medicaid providers, resulting in non-compliance with Affordable Care Act provisions.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Health Care Authority will implement a process for collecting provider application fees for institutional providers that are newly enrolled or re-enrolling Medicaid providers.</p> <p>Estimated May 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
93.777											
93.778 ARRA and non-ARRA											

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	032	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate controls over its Medicaid service verification process.</p> <table border="0"> <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> <p>ARRA and non-ARRA</p> <p>Corrective action complete</p> <p>The Authority has resumed sending verifications to clients whose written language is other than English, and now uses professional translation services to follow up on negative survey responses.</p> <p>The conditions noted in this finding were previously reported in finding 2014-039, 13-031, 12-54, and 11-39</p> <p>February 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	033	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers and Rural Health Clinics.</p> <table border="0"> <tr> <td data-bbox="609 653 695 678"><u>CFDA#</u></td> <td data-bbox="1019 653 1105 678"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 682 695 707">93.775</td> <td data-bbox="1019 682 1105 707">\$197,774</td> </tr> <tr> <td data-bbox="609 714 695 739">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 745 938 770">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>As noted by the auditors, in response to prior audit findings, the Authority has implemented new system edits, which will eliminate duplicate payments, and will identify improper billings. However, these edits were not fully implemented during this audit period.</p> <p>The Authority is currently in the process of recouping the unallowable Federally Qualified Health Center and Rural Health Clinic payments identified by the auditor. The Authority expects this to be complete by June 2016.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-036, 2013-026 and 2012-45.</p> <p>June 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$197,774	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$197,774										
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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	034	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure it sought reimbursement for all eligible Medicaid outpatient drug rebate claims.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$97,425</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action in progress</p> <p>The following corrective action plan addresses the three control deficiencies identified in the finding.</p> <p>To address the crossover claim oversight, staff have identified the codes that should have been included and are investigating the best method for resubmitting the missed fiscal year 2015 claims. Target date for completing the resubmission is July 2016.</p> <p>The Authority developed and implemented a system reconfiguration that reversed the Family Planning provider claims exclusion identified in the previous and current audits. The plan was not fully implemented prior to the start of the current audit period, resulting in the questioned costs identified in this finding. This reconfiguration has since been completed, effective December 2015.</p> <p>The eight pharmacy claims described above were identified during routine monitoring, and were corrected. The auditor reported this error because the identification and correction occurred after June 30. No additional corrective action is necessary.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-031.</p> <p>Estimated July 2016</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$97,425	93.777		93.778	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$97,425										
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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	034 (cont'd)	Agency Contact:	Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a>

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	035	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Health Care Authority improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</p> <table border="0"> <tr> <td data-bbox="609 646 698 678"><u>CFDA#</u></td> <td data-bbox="1015 646 1104 678"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 678 698 709">93.775</td> <td data-bbox="1015 678 1104 709">\$310,091</td> </tr> <tr> <td data-bbox="609 709 698 741">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 741 933 772">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The majority of the questioned costs identified by the auditors are routine monthly premiums paid in advance to the managed care organizations the clients were enrolled in. Once a client's death is verified, the Authority recoups the premiums through the normal recoupment process.</p> <p>The auditors conducted this test by comparing June 30, 2015 client data to October 2015 Social Security Administration Death Master File. The test was not a test of June 30 records to June 30 death records; it was a test of June 30 records to October death records. The result of the timing difference is that the list of exceptions includes clients who died before June 30, but whose death was not recorded in the Social Security Administration Death Master File until after June 30. The auditors cannot determine which of the 835 client deaths were recorded before June 30, and which ones were recorded after June 30.</p> <p>The auditors are holding the Authority responsible for identifying and collecting, before June 30, all payments made on behalf of these clients, including those whose death was recorded after June 30.</p> <p>When provided the list of 835 clients, the Authority could quickly demonstrate that costs had already been recouped totaling \$259,865 for 549 clients. Recoupment was through the normal process. The auditors acknowledge this in the finding, but continue to question the costs.</p> <p>The Authority concurs costs had not yet been recouped for the remaining 286 clients at the time of the audit. Those costs have now been recouped. The Authority will discuss repayment of these costs with the U.S. Department of Health and Human Services.</p> <p>The conditions noted in this finding were previously reported in finding 2014-030.</p> <p>February 2016</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$310,091	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$310,091										
93.777											
93.778 ARRA and non-ARRA											

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	035 (cont'd)	Agency Contact:	Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	036	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid payments for clients whose Social Security numbers and citizenship status were not verified and for unallowable non-emergency services.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$155,033</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As the auditor noted, the Authority continuously made improvements in its training and monitoring and maintains adequate Social Security number and citizenship verification procedures. However, it is not possible to prevent or detect all unallowable payments.</p> <p>The Authority has terminated eligibility for the identified clients whose citizenship or social security numbers could not be verified.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-030.</p> <p>February 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$155,033	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$155,033										
93.777											
93.778 ARRA and non-ARRA											

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	037	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority overpaid Medicaid providers for dental services.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$25,945</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Authority has already begun recouping the unallowable claims paid to dental providers, with an estimated completion date of June 2016.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-033, and 2013-027.</p> <p>Estimated June 2016</p> <p>Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$25,945	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$25,945										
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	038	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$33,205</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action complete</p> <p>As acknowledged by the auditors, the Authority corrected both WAC 182-550-3700 and the ProviderOne system in July 2014. The auditors tested claims with admission dates after July 1, 2014, and confirmed that those claims were paid correctly. The claims in question have admission dates prior to July 1, 2014; WAC and ProviderOne system changes cannot apply retroactively.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services to discuss repayment of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-032, and 2013-023.</p> <p>July 2014</p> <p>Kathy E. Smith Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$33,205	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$33,205										
93.777											
93.778	ARRA and non-ARRA										

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	039	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure Children’s Health Insurance Program federal funds were properly claimed as eligible Medicaid expenditures.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$76</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The work performed by the auditors highlights a process issue that caused eligibility determination errors to occur during the conversion to the Affordable Care Act. The Authority will review and amend the eligibility determination process to prevent those errors from recurring, and will ensure that prior errors are corrected.</p> <p>The Authority will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-037.</p> <p>Estimated September 2016</p> <p>Kathy E. Smith Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$76	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$76										
93.777											
93.778	ARRA and non-ARRA										

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Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2015	040	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure in-home care providers paid by Medicaid had proper background checks.</p> <table border="0" data-bbox="609 682 1104 798"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$26,138</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department reviewed the six providers identified by the auditors to verify that the providers had no disqualifying crimes at any point in their employment. The providers were subjected to an initial Character, Competence and Suitability (CCS) review during the contracting process. There is no RCW or WAC that states that an individual provider becomes unqualified if a new CCS review is not completed at each bi-annual background check when there are no new crimes and they care for the same client, which is the case for these six providers.</p> <p>The Department will continue to strengthen processes to ensure CCS reviews are completed and adequately documented in accordance with Department policy. Clarification was provided to field offices via management bulletin on March 30, 2015, providing clear direction on required forms and frequency of completion for CCS reviews.</p> <p>Annually, the Assisted Long-Term Services Administration's Quality Assurance (QA) unit selects a sample of individual provider files for monitoring at each field office and reviews the files for background checks. In 2015, a total of 386 files were reviewed by the QA unit. In addition to these reviews, field office supervisors are required to complete quality assurance reviews on individual provider files. In 2015, a total of 1,293 files were reviewed by supervisors. Overall, internal quality assurance reviews showed 97 percent proficiency. This process will continue and will assist in evaluating compliance with the Department's policies and processes to identify potential changes.</p> <p>The Department will convene a workgroup of subject matter experts to discuss feasibility of a data feed to ProviderOne interface that would automatically stop payments to providers during periods of ineligibility.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$26,138	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$26,138										
93.777											
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	040 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2014-049, 13-40, 12-41, and 11-34.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	041	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services improperly claimed federal reimbursement for payments made on behalf of deceased Medicaid clients.</p> <table border="0" data-bbox="609 646 1104 772"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$22,584</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>This finding involved three administrations within the Department: the Aging and Long Term Support Administration (AL TSA), the Developmental Disabilities Administration and the Behavioral Health Administration. Each administration has taken or will take corrective action.</p> <p>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 (AL TSA: 81; DDA: 8; BHA: 8). AL TSA has determined 20 of the 81 payments were for allowable services prior to the client’s death. The Department has sent overpayment notices to the providers who received the 77 payments. By June 2016, the overpayments will be submitted to the Department’s Office of Financial Recovery for all exceptions identified in the audit and the questioned costs will then be returned to the federal grantor.</p> <p>The Department’s goal for payment of services provided after the date of death is zero, and it seeks to reach that mark.</p> <p>Current practice includes ensuring staff follow policies and procedures to ensure the authorization of services is closed by the effective date of death.</p> <p>The Department continues to strengthen processes including utilizing a revised Long Term Care Client Payments After Death Report that identifies clients who have authorizations that were paid after their date of death. This report is analyzed monthly and post payment review will also occur to ensure that any authorizations or payments not prevented are identified and recovered. Where necessary, overpayments will be processed timely and federal funds returned to the U.S. Department of Health and Human Services.</p> <p>The Department will continue its partnership with the Health Care Authority to identify payments after the date of death.</p> <p>The conditions noted in this finding were previously reported in finding 2014-050.</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$22,584	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$22,584										
93.777											
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	041 (cont'd)	Completion Date: Estimated June 2016  Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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2015	042	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services paid Medicaid benefits for clients who did not have valid Social Security numbers.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$55,719</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department’s Children’s Administration (CA) will strengthen the process by reviewing Social Security numbers quarterly to further minimize the allocation of expenditures to Medicaid funding in error. By March 2016, CA will review the three clients identified in the finding and switch them to the correct non-US citizen service pay code within the Department’s payment system as appropriate.</p> <p>By March 2016, the Department will work with the Health Care Authority, the state’s lead Medicaid agency, to consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>Estimated March 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$55,719	93.777		93.778	ARRA and non-ARRA
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$55,719										
93.777											
93.778	ARRA and non-ARRA										

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	043	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not accurately claim the federal share of Medicaid payments for Presumptive Supplemental Security Income clients.</p> <table border="0"> <tr> <td><u>CFDA#</u></td> <td><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td>\$130,234</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>All questioned costs were returned to the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services 30 days after the audit period.</p> <p>To correctly account for Presumptive Supplemental Security Income (PSSI), the Department developed new functional Recipient Aide Categories (RACs) within the ProviderOne payment system. The new functional RACs are now paired with one specific financial RAC separating out this group of clients, which allows the PSSI expenditures to be directly coded to the appropriate match rate. The new RACs were implemented when ProviderOne went live during January 2015 for 1099 reportable services. The 1099 reportable services were transitioned from the Social Service Payment System (SSPS) at that time.</p> <p>In addition, since SSPS only had one year remaining to pay W2 services, changes were not made in SSPS for these services. Instead reports were developed to identify PSSI expenditures and are corrected via journal voucher until Individual Provider One (IPOne) system goes live March 2016. After IPOne implementation, the new functional RACs will be paired with the one financial RAC to directly code W2 expenditures correctly.</p> <p>Estimated April 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$130,234	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
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2015	044	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have internal controls in place to ensure follow up on nursing home survey deficiencies were conducted in a timely manner.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>As of December 2015, the Department developed standard operating procedures (SOP) over the statement of deficiency and corrective action plan process.</p> <p>As of January 2016, to ensure statements of deficiency and correction plans are submitted timely, the Department implemented a statewide statement of deficiency and plan of correction tracking system.</p> <p>The Department will continue to enhance its formal tracking of statement of deficiency mailings and receipt of correction plans.</p> <p>By July 2016, the Department will revise the SOP to include field protocol for contacting providers when the correction plan is not returned within 10 working days of receipt of the statement of deficiency.</p> <p>The conditions noted in this finding were previously reported in finding 2014-046.</p> <p>Estimated July 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	045	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls in place to ensure surveys for Medicaid nursing home and intermediate care facilities were completed in a timely manner.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action in progress</p> <p>The Department will schedule and monitor surveys in accordance with the frequency and interval required by federal and state laws.</p> <p>As of January 2016, the Department filled two additional surveyor positions to conduct recertification surveys and complaint investigations. The Department has requested additional basic surveyor training classes be made available from the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) to enable new hires to function independently to conduct surveys and investigations. The Department expects training to be completed by June 2016.</p> <p>As of May 2015, the Department implemented a statement of deficiency (SOD) and plan of correction (POC) electronic tracking system. The Department staff use this system to monitor SOD mailings and POC receipts. Administrative support staff enter the dates of the SOD mailings and the POC receipts into the tracking system. Field managers are responsible for documenting their quarterly monitoring of the tracking system.</p> <p>By July 2016, the Department will develop standard operating procedures for the electronic system that will also address surveys.</p> <p>The conditions noted in this finding were previously reported in finding 2014-046.</p> <p>Estimated July 2016</p>	<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											

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	045 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2015	046	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services made improper payments for unallowable services provided to newly eligible Medicaid clients under the Affordable Care Act.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td style="text-align: right;">\$58,572</td> </tr> <tr> <td>93.777</td> <td></td> </tr> <tr> <td>93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action complete</p> <p>To correctly account for the Alternative Benefits Plan (ABP), the Department developed new functional Receipt Aid Categories (RACs) within the ProviderOne payment system. The new functional RACs are now paired with one specific financial RAC separating out this group of clients, which allows the ABP expenditures to be directly coded to the appropriate match rate. The new RACs were implemented when ProviderOne went live during January 2015 for 1099 reportable services. The 1099 reportable services were transitioned from the Social Service Payment System (SSPS) at that time.</p> <p>In addition, since SSPS only had one year remaining to pay W2 services, changes were not made in SSPS for these services. Instead reports were developed to identify ABP expenditures and are corrected via journal voucher until Individual Provider One (IPOne) system goes live March 2016. After IPOne implementation, the new functional RACs will be paired with the one financial RAC to directly code W2 expenditures correctly.</p> <p>The Department will return all questioned costs to the U.S. Department of Health and Human Services.</p> <p>March 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$58,572	93.777		93.778	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$58,572										
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Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2015	047	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not have adequate internal controls to ensure complaints of abuse and neglect of clients at Medicaid residential facilities were responded to properly.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>The Department will continue to implement plans to strengthen internal controls and ensure complaints are responded to and investigated, as required by federal regulation and state law.</p> <p>During January 2015, the Complaint Resolution Unit's (CRU) implemented procedures requiring Nurse Consultants to review complaints prior to assignment for Nursing Home and Intermediate Care Facilities/ Individuals with Intellectual Disabilities (ICF/ IID).</p> <p>In October 2015, the Department hired additional field investigators, to improve the timeliness of investigations of non-immediate jeopardy Nursing Home and ICF/IID complaints.</p> <p>During November 2015, to ensure investigations begin within two working days of receipt, the CRU implemented the online reporting system for providers. This reporting option will assist the Department to meet required timelines and streamline the complaint processing by reducing manual transcription time. The outcomes of the online reporting system, impacts on workflow, and timeliness are scheduled to be reviewed during April 2016.</p> <p>By April 2016, a monthly report and quality assurance review process will be developed.</p> <p>The Tracking Incidents of Vulnerable Adults (TIVA) database is being redesigned to add information fields to improve the existing complaint process. These information fields are scheduled to be added to TIVA by June 2016 and will expedite priority assignments by clearly identifying dates of knowledge and initiate a response.</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$0	93.777		93.778	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$0										
93.777											
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	047 (cont'd)	<p>Effective April 2016, the Department will be authorizing overtime, as an interim solution, to ensure that complaints are responded to within 24 hours of knowledge. During this time the Department will also be considering other viable long term solutions, such as a per diem on-call staffing pool, which could be utilized on high volume days. Increased staffing will help with responding to complaints/reports generated over weekends and holidays.</p> <p>The conditions noted in this finding were previously reported in finding 2014-045, and 13-033.</p> <p>Completion Date: Estimated July 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>													
2015	048	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services improperly claimed federal Medicaid reimbursement for non-emergency services provided to nonqualified aliens.</p> <table border="0" data-bbox="609 682 1104 808"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td></td> <td style="text-align: right;">\$37,426</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>This finding involved three administrations within the Department: the Aging and Long Term Support Administration (AL TSA), the Children’s Administration (CA), and the Developmental Disabilities Administration (DDA).</p> <p>The Children’s Administration will work to strengthen the review of these cases to help minimize the possibility of funds being allocated to Medicaid in error.</p> <p>The Aging and Long Term Support and the Developmental Disabilities Administrations agree some clients were assigned the wrong Medicaid Recipient Aid Category (RAC) within ProviderOne, but the services were provided correctly.</p> <p>ProviderOne was implemented on January 1, 2015, and all case managers were provided training prior to this date. In the Winter of 2015, the Department provided additional training to some staff on how to select the correct RAC for these clients.</p> <p>Since the services were provided appropriately under the state only program, but the Medicaid RAC was assigned in error, the Department will not be recovering the questioned costs from the clients. The Department will return all questioned costs to the U.S. Department of Health and Human Services.</p> <p>The conditions noted in this finding were previously reported in finding 2014-050.</p> <p>Estimated June 2016</p>		<u>CFDA#</u>	<u>Amount</u>	93.775		\$37,426	93.777			93.778	ARRA and non-ARRA	
	<u>CFDA#</u>	<u>Amount</u>													
93.775		\$37,426													
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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	048 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	049	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate controls to ensure Medicaid payments to supported living service providers were allowable.</p> <table border="0"> <tr> <td data-bbox="607 680 698 709"><u>CFDA#</u></td> <td data-bbox="1013 680 1104 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="607 709 698 739">93.775</td> <td data-bbox="1013 709 1104 739">\$43,697</td> </tr> <tr> <td data-bbox="607 739 698 768">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 768 938 798">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department does not concur with this finding.</p> <p>Using the annual cost report process (Developmental Disabilities Administration Policy 6.04), the Department verifies the Instruction and Support Services (ISS) hours provided are equal to or exceed the total hours of service the Department has authorized. Through this verification system, if the actual ISS hours reported in the annual cost report are less than the total authorized hours for all clients served by the Supported Living (SL) provider or are not supported by documentation that shows that the reported hours were actually worked, the Department seeks recovery of any overpayment through the cost report settlement process (DDA Policy 6.04 (III)).</p> <p>The system is designed to allow for resource flexibility by the SL provider throughout the year to enable the provider to meet the changing needs of the individual client. The Department requires, over a year’s time, that clients within the agency receive all authorized ISS hours. Providers are given the calendar year to maintain the flexibility needed to address client instruction and support needs. Any audit finding that considers a limited time frame does not accurately capture the entire delivery of service, or any corresponding annual underpayment or overpayment.</p> <p>SL providers are required to complete an annual cost report, but policy allows providers to settle their cost reports over a two-year period. The cost report reconciles hours and ISS dollars authorized to hours and ISS dollars provided. The SL provider attests to the accuracy of the cost report. A settlement is issued to any SL provider who fails to meet either standard (delivery of hours or expenditure of dollars). The Department will propose eliminating the two-year period policy during the next contract negotiations. These negotiations will not begin until July 2017.</p> <p>The Department believes the audit has erred in treating cost settlements in the same way as overpayments. Overpayments are the result of human or systemic errors or omissions in specific instances whereas cost settlements are based on</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$43,697	93.777		93.778 ARRA and non-ARRA	
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2015	049 (cont'd)	<p>reimbursement methodologies defined in policy, rule and contract. Cost settlements are typically done in the aggregate on an annual basis and not on a client by client or case by case basis. See 42 CFR, Section 413 –Principles of Reasonable Cost Reimbursement.</p> <p>The Department has additional measures in place to further review or audit the provider cost reporting:</p> <ul style="list-style-type: none"> <li>• The Department’s Enterprise Risk Management Office (ERMO) periodically audit selected providers.</li> <li>• The Department’s Aging and Long-Term Support Administration, Residential Care Services (RCS) performs a cursory review of hours provided as part of the certification evaluation process.</li> <li>• If concerns are identified in the RCS certification evaluation, the Department will conduct an additional review of the SL provider.</li> </ul> <p>The audit recommends the Department continues to improve internal controls to ensure SL providers maintain adequate documentation to support payments claimed against payroll records. Current Department policy requires additional schedules to report ISS hours in a format reconcilable to payroll records.</p> <p>Currently, reviews are being conducted on roughly 20 percent of residential provider’s ISS hours. The scope of this compliance review includes reconciliation of hours in the contract by households compared to employee payroll records delivered within the household. Consultation and training to service providers related to the tracking and documentation of ISS hours is provided at the time of the review.</p> <p>Through policy revision, the Department has clarified the expectations that the service provider’s payroll system must adequately document ISS hours delivered. Additionally, Department policy outlines acceptable margins of flexibility of ISS hour delivered. Training on these new policies occurred over the summer and fall of 2015.</p> <p>The recovery of funds has been processed through the ProviderOne system and will be returned to the U.S. Department of Health and Human Services through the normal settlement process on the CMS-64 report.</p> <p>By July 2016, the Department will share its rate setting methodology and cost report and settlement process with the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) and seek</p>

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2015	049 (cont'd)	<p>clarification regarding this finding.</p> <p>The conditions noted in this finding were previously reported in finding 2014-042, 2013-036, and 12-39.</p> <p>Completion Date: Estimated July 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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2015	050	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Developmental Disabilities Administration, made overpayments to Medicaid supported living providers who did not ensure staff, with access to developmentally disabled clients, received a proper background check.</p> <table border="0" data-bbox="602 709 1105 831"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td></td> <td style="text-align: right;">\$52,592</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding.</p> <p>The one staff with a disqualifying result worked for two supported living agencies. During a renewal background check, one of the two agencies received a disqualifying result. That agency terminated the employee appropriately. As the employee did not self-report, the second agency was not aware the employee had a new disqualifying crime. The employee resigned prior to the required renewal background check. Both agencies were in compliance with the law, rules, policies, and contractual requirements.</p> <p>In regards to the other three employees identified in the finding, the Department has demonstrated substantial improvement in background check compliance. This has been achieved through:</p> <ul style="list-style-type: none"> <li>• Updating the Background Authorization policy and providing training to supported living providers and Department employees on the policy change.</li> <li>• Training for providers occurs regularly within each region.</li> <li>• Continual monthly reviews conducted by the Department’s Enterprise Risk Management Office (ERMO) to ensure providers are in compliance with background check laws, rules, and policies.</li> </ul> <p>The Department will take the following actions to ensure ineligible individuals do not have access to vulnerable Medicaid clients and background checks are renewed timely:</p> <ul style="list-style-type: none"> <li>• Continue its efforts to inform, educate, and train providers on background check policy and Washington Administrative Code.</li> <li>• Dedicate a Department headquarters position to provide direct support and consultation to providers on interpretation of background check results letters.</li> </ul>		<u>CFDA#</u>	<u>Amount</u>	93.775		\$52,592	93.777			93.778	ARRA and non-ARRA	
	<u>CFDA#</u>	<u>Amount</u>													
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2015	050 (cont'd)	<ul style="list-style-type: none"> <li>• Monitor for background check compliance through reviews conducted by ERMO and Residential Care Services certification reviews.</li> <li>• Continue to partner with the Background Check Central Unit on developing processes for background check renewals and disqualifying results.</li> </ul> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-044, and 13-34.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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2015	051	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Adult Family Home providers to ensure Medicaid providers and their employees had proper background checks.</p> <table border="0" data-bbox="609 682 1120 808"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td></td> <td style="text-align: right;">\$153,536</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>In response to the fiscal year 2014 audit, the Department implemented several processes that continued through the fiscal year 2015 and remain ongoing.</p> <p>It is the Adult Family Home (AFH) provider’s responsibility to ensure background checks are being submitted timely. In addition, AFH home licensing regulations only require the provider to keep the background check for two years after the date an employee either quits or is terminated which further complicates the Department’s ability to verify if the background checks are valid.</p> <p>Due to the Department’s allotted resources and lack of access to employment and payroll records of AFH staff, the Department believes its current Management Bulletin #R14-009 from April 2014, which requires licensors to examine all employee background checks while conducting their on-site visits, is meeting its regulatory obligation.</p> <p>Since November 2015, the Department has required licensors conducting their on-site visits to check the background checks of anyone who worked in the AFH home since the previous inspection, even if they no longer work in the home. The Department believes this further strengthens the monitoring of AFH providers and staff.</p> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Update standard operating procedures to require licensors to review the last two background checks if an issue is identified with an AFH employee.</li> <li>• Develop a standard operating procedure addressing Character, Competence, and Suitability (CCS) reviews, including processing a CCS at the time of application.</li> <li>• Provide education to AFH industry on requirements around background checks and CCS reviews. This will include developing a training resource to post on a public website.</li> </ul>		<u>CFDA#</u>	<u>Amount</u>	93.775		\$153,536	93.777			93.778	ARRA and non-ARRA	
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2015	051 (cont'd)	<p>By October 2016:</p> <ul style="list-style-type: none"> <li>• The Quality Assurance Unit within the Aging and Long Term Services Administration, will conduct annual reviews to identify if licensors are following the standard operating procedures for background checks.</li> <li>• Department staff will provide training to the field staff and providers on the updated standard operating procedures.</li> </ul> <p>By December 2016, the Department will create a workgroup to research the steps and resources needed to utilize a report to identify AFH providers that do not have a valid background check or will have a background check expire within a determined time frame.</p> <p>Not all corrective actions from the 2014 audit were completed before the auditor's sample was pulled for the current audit. Therefore, the Department believes the results from this audit period may not reflect the effectiveness of all actions from the previous corrective action plan.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-048, and 13-37.</p> <p>Completion Date: Estimated December 2016</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2015	052	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Social and Health Services, Developmental Disabilities Administration, did not have adequate internal controls to ensure Medicaid payments to supported living service providers for cost of care adjustments were allowable.</p> <table border="0"> <tr> <td data-bbox="609 709 698 741"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 741 698 772">93.775</td> <td data-bbox="1015 741 1104 772">\$20,629</td> </tr> <tr> <td data-bbox="609 772 698 804">93.777</td> <td></td> </tr> <tr> <td data-bbox="609 804 933 835">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department partially concurs with this finding.</p> <p>As of February 2015, the Department modified the cost of care adjustment form and related policy. The Department provided in-depth training for both staff and providers after policy and the required forms were updated.</p> <p>Most of the sampled forms for Cost of Care Adjustments (COCA) contained justification per Department policy requirements. The Resource Managers who reviewed the services made recommendations and the Resource Administrators, who approved the services, based their decisions on the justifications that were provided on the forms.</p> <p>The Department will continue to monitor cost of care adjustments for accuracy and compliance with the requirements. The Department will also continue to offer trainings at the regularly scheduled Regional Provider and Resource Managers meetings.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>The conditions noted in this finding were previously reported in finding 2014-041, and 2013-038.</p> <p>Estimated December 2016</p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$20,629	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$20,629										
93.777											
93.778 ARRA and non-ARRA											

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2015	052 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	053	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services did not have adequate internal controls in place and did not comply with the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0" data-bbox="602 680 1105 743"> <tr> <td data-bbox="602 680 699 743"><u>CFDA#</u></td> <td data-bbox="1013 680 1105 743"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 699 743">93.959</td> <td data-bbox="1013 709 1105 743">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>In April 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Started developing policies and procedures that incorporate internal controls to ensure monitoring and documentation of level of effort requirements are performed.</li> <li>• Began active monitoring the state-funded spending. Specifically, the Department’s Accounting Section started producing monthly reports showing the status of the state-funded spending. The Department’s Budget Section is reviewing the monthly reports in order to monitor the capability of meeting the minimum required amount each year.</li> </ul> <p>By June 2016, the Department will:</p> <ul style="list-style-type: none"> <li>• Formalize procedures to monitor and document level of effort for pregnant women, women with dependent children and tuberculosis services.</li> <li>• Ensure procedures include the frequency for monitoring expenditure levels appropriate to meet level of effort requirements. This will include collaboration with state partners, determining what documentation is necessary, and what actions will be implemented if level of effort is below the required levels.</li> <li>• Develop procedures to track compliance with level of effort on a quarterly basis, or more often if the level of spending seems low.</li> <li>• Communicate to the Department of Health and Human Services Substance Abuse Mental Health Services Administration(SAMHSA) if the appropriated level of funding is insufficient to meet the level of effort requirements or if the state spending levels are trending low. Communication with SAMHSA will be documented.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2014-051.</p>	<u>CFDA#</u>	<u>Amount</u>	93.959	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.959	\$0						

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2015	053 (cont'd)	Completion Date: Estimated June 2016  Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	054	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services did not have adequate internal controls in place and did not comply with requirements to ensure treatment service providers spending Block Grants for Prevention and Treatment of Substance Abuse funds were peer reviewed.</p> <table border="0"> <tr> <td data-bbox="602 709 699 741"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 741"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 741 699 772">93.959</td> <td data-bbox="1013 741 1105 772">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with this finding.</p> <p>By January 2016, the Department will establish an internal policy over the peer review process. This policy will include requirements to ensure that all disclaimer forms are filled out completely before they are submitted from each peer reviewer and that at least 5 percent of treatment providers receive a peer review annually. The new policy will be provided to each peer reviewer during the peer reviewer recruitment phase which begins in February 2016. The disclaimer forms will be reviewed by staff for completeness and to certify the peer reviewer's independence.</p> <p>Estimated February 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.959	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.959	\$0						

**State of Washington  
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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2015	055	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services made improper payments to providers for medical evidence records.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>96.001</td> <td style="text-align: right;">\$29</td> </tr> <tr> <td>96.006</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>Medical evidence record payments are reimbursed in accordance with an established fee schedule based on the number of medical record pages. Medical Claims Unit (MCU) staff manually count each page to determine the amount of the reimbursement. The issues identified in the finding were due to staff incorrectly counting the number of medical record pages.</p> <p>As of November 2015, the Department’s Division of Disability Determination Services (DDDS) leadership:</p> <ul style="list-style-type: none"> <li>• Met with DDDS MCU staff to communicate the appropriate business process for medical evidence record payments. This meeting also covered the use of the Department’s DDDS fee schedule.</li> <li>• Emailed all MCU staff reiterating the appropriate business processes and associated expectations.</li> </ul> <p>The Social Security Administration is developing a new Disability Case Processing System (DCPS), which the Department believes will offer increased capacity for accurately counting the number of pages contained in the medical evidence records. The Department plans to implement the new DCPS system as soon as it is available, which will likely be in December 2016.</p> <p>The Department will consult with the Social Security Administration regarding the resolution of questioned costs.</p> <p>Estimated December 2016</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:Richard.meyer@dshs.wa.gov">Richard.meyer@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	96.001	\$29	96.006	
<u>CFDA#</u>	<u>Amount</u>								
96.001	\$29								
96.006									

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**Military Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2015	056	Finding:	The Military Department improperly charged grant expenditures after the end of the Emergency Management Performance Grants period of availability.				
		Questioned Costs:	<table border="0"> <tr> <td data-bbox="602 646 699 674"><u>CFDA#</u></td> <td data-bbox="1013 646 1105 674"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 674 699 709">97.042</td> <td data-bbox="1013 674 1105 709">\$12,592</td> </tr> </table>	<u>CFDA#</u>	<u>Amount</u>	97.042	\$12,592
<u>CFDA#</u>	<u>Amount</u>						
97.042	\$12,592						
		Status:	Corrective action in progress				
		Corrective Action:	The Department will be more diligent when reviewing payments to ensure expenditures do not occur outside the performance period. The questioned costs will be transferred to the fiscal year 2014 grant and the federal government will be reimbursed for the questioned costs for the fiscal year 2013 grant.				
		Completion Date:	Estimated March 2016				
		Agency Contact:	Rick Woodruff Military Department Building #1: Headquarters Mailstop: TA-20 Tacoma, WA 98430-5032 (253) 512-8068 <a href="mailto:rick.woodruff@mil.wa.gov">rick.woodruff@mil.wa.gov</a>				

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**State of Washington  
 Summary Schedule of Prior Audit Findings  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects the agency corrective action status as of June 30, 2015.)

<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2014-001	Department of Agriculture	10.565, 10.568, 10.569	H-8	Complete
2014-002	Department of Agriculture	10.565, 10.568, 10.569	H-9	Complete
2014-003	Recreation and Conservation Funding Board	11.438	H-10	Complete
2014-004	Military Department	12.401	H-11	Complete
2014-005	Department of Commerce	14.239	H-12	Repeat Finding 2015-005
2014-006	Department of Commerce	14.239, 16.575, 66.468, 66.483, 93.568, 93.569	H-14	Complete
2014-007	Department of Commerce	16.575	H-16	Unresolved, no finding issued
2014-008	Employment Security Department	17.245	H-17	Repeat Finding 2015-010
2014-009	Employment Security Department	17.245	H-18	Repeat Finding 2015-009
2014-010	Department of Transportation	20.205A, 20.205, 20.219, 23.003	H-19	Complete
2014-011	Department of Health	66.468, 66.483	H-20	Complete
2014-012	Workforce Training and Education Coordinating Board	84.048	H-21	Unresolved, no finding issued
2014-013	Workforce Training and Education Coordinating Board	84.048	H-22	Unresolved, no finding issued
2014-014	Department of Early Learning	84.412	H-23	Unresolved, no finding issued
2014-015	Department of Early Learning	84.412, 93.505	H-24	Complete

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2014-016	Department of Health	93.069, 93.889	H-26	Repeat Finding 2015-015
2014-017	Department of Health	93.069, 93.889	H-27	Complete
2014-018	Department of Social and Health Services	93.243	H-29	Unresolved, no finding issued
2014-019	Department of Social and Health Services	93.243, 93.959	H-30	Repeat Finding 2015-016
2014-020	Department of Social and Health Services	93.243, 93.959	H-31	Repeat Finding 2015-017
2014-021	Department of Social and Health Services	93.566	H-32	Repeat Finding 2015-022
2014-022	Department of Social and Health Services	93.556	H-34	Repeat Finding 2015-003
2014-023	Department of Early Learning	93.575, 93.596	H-35	Repeat Finding 2015-023
2014-024	Department of Early Learning	93.575, 93.596	H-38	Complete
2014-025	Department of Early Learning	93.575, 93.596	H-39	Complete
2014-026	Department of Social and Health Services	93.575, 93.596	H-40	Repeat Finding 2015-026
2014-027	Department of Social and Health Services	93.658	H-43	Repeat Finding 2015-028
2014-028	Department of Health	93.775, 93.777, 93.778A, 93.778	H-45	Repeat Finding 2015-029
2014-029	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-47	Repeat Finding 2015-036
2014-030	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-48	Repeat Finding 2015-035, 2015-036

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2014-031	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-49	Repeat Finding 2015-034
2014-032	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-50	Repeat Finding 2015-038
2014-033	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-51	Repeat Finding 2015-037
2014-034	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-52	Repeat Finding 2015-030
2014-035	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-53	Complete
2014-036	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-54	Repeat Finding 2015-033
2014-037	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-55	Repeat Finding 2015-039
2014-038	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-56	Complete
2014-039	State Health Care Authority	93.775, 93.777, 93.778A, 93.778	H-57	Repeat Finding 2015-032
2014-040	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-58	Unresolved, no finding issued
2014-041	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-60	Repeat Finding 2015-052
2014-042	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-62	Repeat Finding 2015-049
2014-043	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-64	Repeat Finding 2015-049
2014-044	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-65	Repeat Finding 2015-050
2014-045	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-67	Repeat Finding 2015-047

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2014-046	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-69	Repeat Finding 2015-044, 2015-045
2014-047	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-70	Complete
2014-048	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-71	Repeat Finding 2015-051
2014-049	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-72	Repeat Finding 2015-040
2014-050	Department of Social and Health Services	93.775, 93.777, 93.778A, 93.778	H-74	Repeat Finding 2015-041, 2015-048
2014-051	Department of Social and Health Services	93.959	H-77	Repeat Finding 2015-053
2014-052	Department of Health	93.994	H-78	Complete
2014-053	Department of Social and Health Services	96.001, 96.006	H-79	Complete
2014-054	Department of Social and Health Services	96.001, 96.006	H-80	Complete
2014-055	Military Department	97.046, 97.067	H-81	Complete
2013-003	Department of Commerce	14.239, 66.468, 66.468A, 93.568, 93.569	Refer to finding 2014-006 at H-14	Repeat Finding 2014-006
2013-004	Department of Commerce	14.239	Refer to finding 2014-005 at H-12	Repeat Finding 2015-005, 2014-005
2013-012	Department of Health	93.069, 93.889	Refer to finding 2014-016 at H-26	Repeat Finding 2015-015, 2014-016
2013-013	Department of Health	93.069, 93.889	Refer to finding 2014-017 at H-27	Repeat Finding 2014-017
2013-015	Department of Early Learning	93.575, 93.596	Refer to finding 2014-025 at H-39	Repeat Finding 2014-025

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
2013-016	Department of Early Learning	93.575, 93.596	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023
2013-017	Department of Social and Health Services	93.575, 93.596	Refer to finding 2014-026 at H-40	Repeat Finding 2015-026, 2014-026
2013-019	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-028 at H-45	Repeat Finding 2015-029, 2014-028
2013-020	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034
2013-021	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-038 at H-56	Repeat Finding 2014-038
2013-023	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-032 at H-50	Repeat Finding 2015-038, 2014-032
2013-026	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-036 at H-54	Repeat Finding 2015-033, 2014-036
2013-027	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-033 at H-51	Repeat Finding 2015-037, 2014-033
2013-031	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-039 at H-57	Repeat Finding 2015-032, 2014-039
2013-033	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-045 at H-67	Repeat Finding 2015-047, 2014-045
2013-034	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-044 at H-65	Repeat Finding 2015-050, 2014-044
2013-036	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-042 at H-62	Repeat Finding 2015-049, 2014-042
2013-037	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-048 at H-71	Repeat Finding 2015-051, 2014-048
2013-038	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-041 at H-60	Repeat Finding 2015-052, 2014-041
2013-039	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-040 at H-58	Repeat Finding 2014-040

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2013-040	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-049 at H-72	Repeat Finding 2015-040, 2014-049
12-06	Recreation and Conservation Funding Board	11.438	Refer to finding 2014-003 at H-10	Repeat Finding 2014-003
12-08	Department of Commerce	14.239	Refer to finding 2014-005 at H-12	Repeat Finding 2015-005, 2014-005, 2013-004
12-09	Department of Commerce	14.239, 66.468, 66.468A, 81.042, 93.568, 93.569	Refer to finding 2014-006 at H-14	Repeat Finding 2014-006, 2013-003
12-21	Department of Health	93.069, 93.889	Refer to finding 2014-016 at H-26	Repeat Finding 2015-015, 2014-016, 2013-012
12-28	Department of Early Learning	93.575, 93.596, 93.713A	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023, 2013-016
12-30	Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2014-026 at H-40	Repeat Finding 2015-026, 2014-026, 2013-017
12-33	Department of Health	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-028 at H-45	Repeat Finding 2015-029, 2014-028, 2013-019
12-39	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-042 at H-62	Repeat Finding 2015-049, 2014-042, 2013-036
12-41	Department of Social and Health Services	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-049 at H-72	Repeat Finding 2015-040, 2014-049, 2013-040
12-45	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-036 at H-54	Repeat Finding 2015-033, 2014-036, 2013-026
12-49	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034, 2013-020
12-53	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-033 at H-51	Repeat Finding 2015-037, 2014-033, 2013-027
12-54	State Health Care Authority	93.720A, 93.775, 93.777, 93.778, 93.778A	Refer to finding 2014-039 at H-57	Repeat Finding 2015-032, 2014-039, 2013-031
11-10	Department of Commerce	66.468, 66.468A, 81.042, 81.042A, 93.659, 93.710A	Refer to finding 2014-006 at H-14	Repeat Finding 2014-006, 2013-003, 12-09

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<b>Finding Number</b>	<b>State Agency</b>	<b>CFDA Number</b>	<b>Page Number</b>	<b>Audit Status</b>
11-20	Department of Health	93.069, 93.889	Refer to finding 2014-016 at H-26	Repeat Finding 2015-015, 2014-016, 2013-012, 12-21
11-23	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023, 2013-016, 12-28
11-25	Department of Health	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-028 at H-45	Repeat Finding 2015-029, 2014-028, 2013-019, 12-33
11-34	Department of Social and Health Services	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-049 at H-72	Repeat Finding 2015-040, 2014-049, 2013-040, 12-41
11-38	State Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034, 2013-020, 12-49
11-39	State Health Care Authority	93.720, 93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-039 at H-57	Repeat Finding 2015-032, 2014-039, 2013-031, 12-54
10-31	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023, 2013-016, 12-28, 11-23
10-40	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034, 2013-020, 12-49, 11-38
09-12	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713A	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31
09-19	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40
08-13	Department of Early Learning / Department of Social and Health Services	93.575, 93.596, 93.713	Refer to finding 2014-023 at H-35	Repeat Finding 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 09-12
08-25	Department of Social and Health Services	93.775, 93.776, 93.777, 93.778, 93.778A	Refer to finding 2014-034 at H-52	Repeat Finding 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Agriculture**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2014	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Agriculture does not have adequate internal controls to ensure compliance with federal suspension and debarment requirements for the Food Distribution cluster.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.565</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">10.568</td> <td></td> </tr> <tr> <td style="text-align: right;">10.569</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>Effective July 1, 2015, federal suspension and debarment language has been added to each contract. In addition, program staff checks the federal Excluded Parties List system prior to the contract execution date. The contractor verification documentation is being maintained in each contract file.</p> <p>Staff requires each contractor to include suspension and debarment language in all lower tier agreements. This requirement has also been added in all lower tier agreement templates.</p> <p>All Food Assistance program staff have received training and written instructions on federal suspension and debarment requirements.</p> <p>June 2015</p> <p>Mark Johnson          Department of Agriculture          P.O. Box 42560          Olympia, WA 98504-2560          (360) 902-1986  <a href="mailto:mjohnson@agr.wa.gov">mjohnson@agr.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	10.565	\$0	10.568		10.569	
<u>CFDA#</u>	<u>Amount</u>										
10.565	\$0										
10.568											
10.569											

**State of Washington  
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**Department of Agriculture**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2014	002	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Agriculture does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Food Distribution Cluster are filed correctly.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">10.565</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">10.568</td> <td></td> </tr> <tr> <td style="text-align: right;">10.569</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>All Federal Funding Accountability and Transparency Act (FFATA) reportable amounts have been entered into the federal reporting system by the Food Assistance program staff. The program will submit all future FFATA reportable amounts within the established FFATA timeframes.</p> <p>The Department has developed written reporting procedures that include a secondary review prior to reports being submitted. Applicable Food Assistance program staff have been trained on the new procedures.</p> <p>June 2015</p> <p>Mark Johnson          Department of Agriculture          P.O. Box 42560          Olympia, WA 98504-2560          (360) 902-1986  <a href="mailto:mjohnson@agr.wa.gov">mjohnson@agr.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	10.565	\$0	10.568		10.569	
<u>CFDA#</u>	<u>Amount</u>										
10.565	\$0										
10.568											
10.569											

**State of Washington  
Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Recreation and Conservation Funding Board**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	003	<p>Finding: The Recreation and Conservation Office does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Pacific Coast Salmon Recovery Program are filed accurately.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u> Costs: 11.438 \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: As of January 2015, the Office ceased including amounts passed through to other Washington state agencies in Accountability Act reports. Additionally, the policies and procedures have been updated to ensure Accountability Act reports are submitted accurately.</p> <p>Furthermore, the Office now contacts the Washington state agencies receiving grant funds from the Office to identify amounts passed through to subrecipients. If any amounts are passed through by any Washington state agencies to non-state agency subrecipients, the Office will include those subawards on the Accountability Act reports. This new process was effective for awards March 2015.</p> <p>The condition noted in this finding was previously reported in finding 12-06. The original reported condition of not completing the reports has been corrected.</p> <p>Completion Date: March 2015</p> <p>Agency Contact: Mark Jarasitis Recreation and Conservation Funding Board PO Box 40917 Olympia, WA 98504-0917 (360) 902-3006 <a href="mailto:Mark.Jarasitis@rco.wa.gov">Mark.Jarasitis@rco.wa.gov</a></p>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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 For the Fiscal Year Ended  
 June 30, 2015**

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**Military Department**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	004	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Military Department did not maintain required documentation for payroll costs charged to the National Guard Program.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">12.401</td> <td style="text-align: right;">\$66,924</td> </tr> </table> <p>Corrective action complete</p> <p>The manager identified in the finding revised all timesheets previously submitted to reflect the actual time worked on the grant. The manager continues to prepare timesheets for each pay period per agency policy, which are reviewed by the supervisor. This process will continue as long as the manager works on the grant.</p> <p>The current policy is very clear on when employees are to submit timesheets and the supervisors' responsibility to ensure timesheets are accurate and submitted timely. The Payroll Administrator reviews payroll reports on a quarterly basis to ensure timesheets or certificates are being submitted.</p> <p>The Department contacted the United States Property and Finance Office to determine if the state will be required to repay the questioned costs. It was determined that the federal government received the benefits of the time charged by the manager and that repayment of funds would not be required.</p> <p>June 2014</p> <p>Rich Shimizu          Military Department          Building #1: Headquarters          Mailstop: TA-20          Tacoma, WA 98430-5032          (253) 512-7596  <a href="mailto:rich.shimizu@mil.wa.gov">rich.shimizu@mil.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	12.401	\$66,924
<u>CFDA#</u>	<u>Amount</u>						
12.401	\$66,924						

**State of Washington  
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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	005	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have adequate internal controls to ensure HOME Investment Partnership program income is used before requesting federal cash draws.</p> <table border="0" data-bbox="609 709 1104 772"> <tr> <td data-bbox="609 709 698 735"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 735"><u>Amount</u></td> </tr> <tr> <td data-bbox="609 735 698 760">14.239</td> <td data-bbox="1015 735 1104 760">\$0</td> </tr> </table> <p>Refer to finding 2015-005</p> <p>The Department concurs with the finding. The current process has been evaluated and new procedures implemented. Specifically, the Department's Accounting Office has:</p> <ul style="list-style-type: none"> <li>• Updated the desk manual for HOME program income and federal draws to include the process identified below.</li> <li>• Developed and maintain a register showing the deposits made to the HOME program income account.</li> </ul> <p>On an ongoing basis the Department's Accounting Office will:</p> <ul style="list-style-type: none"> <li>• Identify the balance in the HOME program income account at a minimum of twice a month which coincides with performing the federal draws.</li> <li>• Draw program income prior to drawing federal funds.</li> <li>• Require approval of the federal draw and the HOME program income payment by the supervisor who oversees banking authorizations.</li> <li>• Require approval of the HOME program income account bank reconciliation by the accounting manager.</li> </ul> <p>The Department has determined the interest earned on this account for fiscal year 2014 was \$101 and is working with the Federal granting agency with regard to its disposition.</p> <p>The conditions noted in this finding were previously reported in finding 2013-004 and 12-08.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-005.</p>	<u>CFDA#</u>	<u>Amount</u>	14.239	\$0
<u>CFDA#</u>	<u>Amount</u>						
14.239	\$0						

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**State of Washington**  
**Summary Schedule of Prior Audit Findings**  
**For Years Prior to Fiscal Year 2015**

***OMB Circular A-133 Audit***  
***For the Fiscal Year Ended***  
***June 30, 2015***

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	005 (Cont'd)	Agency Contact:	Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Commerce**

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
2014	006	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Commerce does not have adequate internal controls to ensure subrecipients spending \$500,000 or more in total federal dollars obtain audits as required.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>14.239</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>16.575</td> <td></td> </tr> <tr> <td>66.468</td> <td></td> </tr> <tr> <td>66.483</td> <td></td> </tr> <tr> <td>93.568</td> <td></td> </tr> <tr> <td>93.569</td> <td></td> </tr> </table> <p>Corrective action in progress</p> <p>The Department concurs with the finding. The fiscal year 2014 audit recommends the Department ensure that its existing audit policy and procedures are clearly communicated, understood, and followed by staff. The Department has drafted new policies and procedures to articulate roles and responsibilities for the processes. The new policies and procedures are currently being reviewed by the Department's policy committee. By August 2015 the new policies and procedures will be finalized and the Department will communicate them to all levels of the agency.</p> <p>During fiscal year 2014, the Department began a process of identifying and contacting subrecipients that received less than \$500,000 from the Department who may have also received federal funding from other sources which would cause them to exceed the \$500,000 that requires an A-133 audit. Specifically, the Internal Auditor runs a report through the Contract Management System to identify subrecipients that received less than \$500,000 from the Department. Once identified, the Internal Auditor requests grantees to either send their A-133 audit or an Audit Verification Form indicating they do not exceed the \$500,000 audit threshold. This process will be fully implemented by August 2015.</p> <p>The conditions noted in this finding were previously reported in finding 2013-003, 12-09 and 11-10.</p> <p>Estimated August 2015</p>	<u>CFDA#</u>	<u>Amount</u>	14.239	\$0	16.575		66.468		66.483		93.568		93.569	
<u>CFDA#</u>	<u>Amount</u>																
14.239	\$0																
16.575																	
66.468																	
66.483																	
93.568																	
93.569																	

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**State of Washington**  
**Summary Schedule of Prior Audit Findings**  
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***For the Fiscal Year Ended***  
***June 30, 2015***

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	006 (Cont'd)	Agency Contact:	Shanna-Mae Cullen-Oden Department of Commerce PO Box 42525 Olympia, WA 98504-2525 (360) 725-4030 <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a>

**State of Washington  
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**Department of Commerce**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	007	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Commerce does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Crime Victim Assistance Program are filed accurately.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">16.575</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with the finding. The Department has streamlined the process and created a procedure to ensure all Federal Funding Accountability and Transparency Act (FFATA) reports are submitted properly and timely. In addition, FFATA training will be available to Department staff in August 2015.</p> <p>The program established a new process to include a secondary review. Administrative support staff enters the information into the FFATA Subaward Reporting System and the program manager reviews and submits the report. In addition, the ability to enter the information in a timely manner is dependent on the grant being entered into the system by the federal grantor. When the program is unable to enter the information before the deadline, the program documents the inability to enter it with screen shots of the system and email correspondence with the federal program manager.</p> <p>The Department has also ensured that subawards made by other Washington state agencies are reported.</p> <p>May 2015</p> <p>Shanna-Mae Cullen-Oden          Department of Commerce          PO Box 42525          Olympia, WA 98504-2525          (360) 725-4030  <a href="mailto:Shanna-Mae.Cullen-Oden@commerce.wa.gov">Shanna-Mae.Cullen-Oden@commerce.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	16.575	\$0
<u>CFDA#</u>	<u>Amount</u>						
16.575	\$0						

**State of Washington  
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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	008	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department does not have adequate internal controls to ensure transportation reimbursement payments to Trade Adjustment Assistance program participants are allowable and accurate.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.245</td> <td style="text-align: right;">\$1,544</td> </tr> </table> <p>Refer to finding 2015-010</p> <p>The Department has made and continues to make the necessary improvements to ensure that the Trade Adjustment Assistance (TAA) program complies with federal program requirements, and that transportation payments to participants are accurate and allowable.</p> <p>As of February 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented segregation of duties over the transportation payment process. Specifically, one individual enters the payment information and another individual reviews prior to providing it to the vendor payment unit.</li> <li>• Scans and maintains all payment supporting documentation in accordance with federal and state record retention guidelines.</li> </ul> <p>As of June 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Established written policies and procedures to address TAA program requirements, and state and federal laws and regulations related to retention requirements.</li> <li>• Created new internal control procedures that will be reviewed and monitored by management on an ongoing basis.</li> <li>• Contacted the federal awarding agency, U.S. Department of Labor. It was determined that the questioned costs will not be required to be repaid.</li> </ul> <p>The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-010.</p> <p>Laura Scheel        Employment Security Department        PO Box 46000        Olympia, WA 98504-6000        (360) 902-9276  <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.245	\$1,544
<u>CFDA#</u>	<u>Amount</u>						
17.245	\$1,544						

**State of Washington  
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**Employment Security Department**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	009	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Employment Security Department does not have adequate internal controls to ensure only eligible participants of the Trade Adjustment Assistance program receive services and benefits.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">17.245</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Refer to finding 2015-009</p> <p>The Department has made and continues to make the necessary improvements to ensure that the Trade Adjustment Assistance (TAA) program complies with federal program requirements, and that only eligible recipients receive services and benefits.</p> <p>As of February 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Implemented separation of duties over eligibility. Specifically, one employee determines the eligibility for benefits using the General Unemployment Insurance Design Effort system and a second employee enters the information into the participant management system.</li> <li>• Increased managerial oversight, including a secondary review of information entered into the system, to ensure program compliance.</li> </ul> <p>As of June 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Developed new policies and procedures to include the TAA program eligibility requirements to ensure only eligible participants receive services and benefits.</li> <li>• Created new internal control procedures that will be reviewed and monitored by management on an ongoing basis.</li> </ul> <p>The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-009.</p> <p>Laura Scheel        Employment Security Department        PO Box 46000        Olympia, WA 98504-6000        (360) 902-9276  <a href="mailto:lscheel@esd.wa.gov">lscheel@esd.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	17.245	\$0
<u>CFDA#</u>	<u>Amount</u>						
17.245	\$0						

**State of Washington  
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**Department of Transportation**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	010	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Transportation does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Highway Planning and Construction grant program are filed accurately.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>20.205 ARRA and non-ARRA</td> <td>\$0</td> </tr> <tr> <td>20.219</td> <td></td> </tr> <tr> <td>23.003</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>As indicated in the finding, the Department reported 455 Federal-aid contracts which should not have been reported under the Federal Funding Accountability and Transparency Act (FFATA). Since being informed of this situation, the Department has discontinued reporting these Federal-aid contracts not sub-awarded to other local governments or entities. In addition, the Department's office responsible for tracking these Federal-aid contracts will confer with the grantor and document the decisions should questions on proper FFATA reporting arise. Given the lack of clarity in FFATA reporting requirements when they first took effect, the Department chose to report all Federal-aid contracts presuming reporting would serve the taxpayers better than having not reported these contracts.</p> <p>Given the method that Federal-aid subaward contracts must be entered into the Federal Subaward Reporting System (FSRS), a secondary review is not practical; however, the Department has put a compensating control in place to ensure the accuracy of FFATA reports.</p> <p>December 2014</p> <p>Jesse Daniels Department of Transportation PO Box 47320 Olympia, WA 98504-7320 (360) 705-7035 <a href="mailto:jesse.daniels@wsdot.wa.gov">jesse.daniels@wsdot.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	20.205 ARRA and non-ARRA	\$0	20.219		23.003	
<u>CFDA#</u>	<u>Amount</u>										
20.205 ARRA and non-ARRA	\$0										
20.219											
23.003											

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Health**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2014	011	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Drinking Water State Revolving Fund are filed correctly.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">66.468</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">66.483</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>In January 2015, the Department amended the Federal Funding Accountability and Transparency Act (FFATA) reporting for grant award #FS99083913, adding \$1,213,090 in sub-awards.</p> <p>Additionally, the Department revised its written FFATA reporting procedures for the Drinking Water State Revolving Fund grants. These revised procedures include a secondary review conducted by the Finance Director after receiving the information from the Department of Commerce.</p> <p>Once the secondary review is complete, the reports are forwarded to the Central Administration Grants Unit for input into the FFATA subaward reporting system.</p> <p>The FFATA input is reviewed and approved by a Grants Unit Supervisor prior to submittal to the FFATA subaward reporting system.</p> <p>January 2015</p> <p>Lynda Karseboom        Department of Health        PO Box 47890        Olympia, WA 98504-7890        (360) 236-4536  <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	66.468	\$0	66.483	
<u>CFDA#</u>	<u>Amount</u>								
66.468	\$0								
66.483									

**State of Washington  
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**Workforce Training and Education Coordination Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	012	<p>Finding: The Workforce Training and Education Coordinating Board did not have adequate internal controls to ensure it meets federal level of effort requirements for the Career and Technical Education Grant.</p> <p>Questioned Costs: <u>CFDA#</u> 84.048 <u>Amount</u> \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: The Board in coordination with the State Board for Community and Technical Colleges (SBCTC) and the Office of the Superintendent for Public Instruction (OSPI) will establish an attainable administrative level of effort tracking process that leaves ample time for corrective action if needed. The expected review will be no less than twice a year. Written policies and procedures documenting this process will be developed in consultation with SBCTC and OSPI.</p> <p>Completion Date: Estimated October 2015</p> <p>Agency Contact: Glena Red Elk            Workforce Training and Education Coordinating Board            PO Box 43105            Olympia, WA 98504-3105            (360) 709-4620  <a href="mailto:glena.redelk@wtb.wa.gov">glena.redelk@wtb.wa.gov</a></p>

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**Workforce Training and Education Coordination Board**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	013	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Workforce Training and Education Coordinating Board does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed.</p> <table border="0"> <tr> <td data-bbox="602 709 699 737"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 737 699 764">84.048</td> <td data-bbox="1013 737 1105 764">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>As of December 2014, the Board began coordinating the collection of Federal Funding Accountability and Transparency Act (FFATA) reportable data with its secondary award recipient the Office of the Superintendent of Public Instruction (OSPI). OSPI agreed to report all awards passed through to non-state agency subrecipients greater than \$25,000 to the Board. The Board will enter the data for each subrecipient award into the FFATA Subaward Reporting System (FSRS) as required under the terms and conditions of the grant as soon as an award reaches the \$25,000 threshold. Each grant and contract received by the Board will be reviewed by the Chief Financial Officer and the assigned Program Manager, prior to acceptance. Written policies and procedures to ensure all terms and conditions of each award and contract are met are currently being developed.</p> <p>Estimated October 2015</p> <p>Glena Red Elk        Workforce Training and Education Coordinating Board        PO Box 43105        Olympia, WA 98504-3105        (360) 709-4620  <a href="mailto:glena.redelk@wtb.wa.gov">glena.redelk@wtb.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	84.048	\$0
<u>CFDA#</u>	<u>Amount</u>						
84.048	\$0						

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**Department of Early Learning**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	014	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Early Learning did not have adequate internal controls to ensure subrecipients that spend \$500,000 or more in federal dollars obtain required audits.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">84.412</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Corrective action in progress</p> <p>The Department continues to strengthen the subrecipient monitoring policies and procedures for identifying grantees who may meet the threshold for A-133 audit requirements. To address the finding the Department is working on adding additional functionality in the Integrated Contact Information System to assist in tracking subrecipients of federal funds who require an A-133 audit. In addition, the Department will also contact grantees whose level of funding from the Department falls under the threshold requiring an audit but may receive federal funds from other sources. The Department will establish a process for communicating audit report due dates to subrecipients. All communications will be tracked by program staff and the federal grants manager in the finance division.</p> <p>The Department will provide training to all grants program staff and finance staff on the policies and procedures for subrecipient A-133 audit compliance. Any new requirements will be properly communicated with applicable agency staff. The federal grants manager is responsible for the A-133 audit compliance and will provide quarterly reports to the internal control officer updating the status of A-133 audit compliance and tracking, staff training, and any policy and procedure changes.</p> <p>Estimated October 2015</p> <p>Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	84.412	\$0
<u>CFDA#</u>	<u>Amount</u>						
84.412	\$0						

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2014	015	<p data-bbox="440 590 1442 737"><b>Finding:</b> The Department of Early Learning does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed accurately for the Race to the Top-Early Learning Challenge and Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting programs.</p> <table data-bbox="440 768 1105 856"> <tr> <td data-bbox="440 768 565 800"><b>Questioned</b></td> <td data-bbox="607 768 695 800"><u>CFDA#</u></td> <td data-bbox="1013 768 1105 800"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 800 565 831"><b>Costs:</b></td> <td data-bbox="607 800 695 831">84.412</td> <td data-bbox="1013 800 1105 831">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 831 695 856">93.505</td> <td></td> </tr> </table> <p data-bbox="440 894 898 919"><b>Status:</b> Corrective action complete</p> <p data-bbox="440 953 1463 1163"><b>Corrective Action:</b> The Department continues to strengthen internal policies and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements. These policies and procedures include grant specific reporting requirements and internal controls to ensure accuracy of the data and include a secondary review of all reports before submission. The Department established a detailed written procedure to assist employees with FFATA reporting.</p> <p data-bbox="607 1199 1463 1409">Starting in January 2015, the Department updated the FFATA reporting process to include maintaining monthly Integrated Contract Information System (ICIS) reports of contracts and a PDF copy of the FFATA report filed for each grant. These monthly ICIS reports show all federal contracts including any changes such as amendments to the contracts, dollar amounts of the changes, and any new contracts. These change reports are then reconciled to the previous months ICIS report to ensure any required changes are captured in FFATA.</p> <p data-bbox="607 1444 1463 1682">The Department also assigned an additional employee to serve as FFATA reporting backup and implemented a review process by the Comptroller before any reports are released in the system to ensure information is reported accurately. The Department maintains a checklist of all federal grants to ensure that each grant is reported properly each month. In addition, the updated policies and procedures were added to the fiscal division monthly policy review process to ensure they are reviewed and updated when federal changes are made or at least annually.</p> <p data-bbox="440 1724 764 1780"><b>Completion Date:</b> February 2015</p>	<b>Questioned</b>	<u>CFDA#</u>	<u>Amount</u>	<b>Costs:</b>	84.412	\$0		93.505	
<b>Questioned</b>	<u>CFDA#</u>	<u>Amount</u>									
<b>Costs:</b>	84.412	\$0									
	93.505										

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***June 30, 2015***

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	015 (Cont'd)	Agency Contact:	Mike Steenhout Department of Early Learning PO Box 40970 Olympia, WA 98504-0970 (360) 725-4920 <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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 For the Fiscal Year Ended  
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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2014	016	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Health does not have adequate internal controls to ensure it meets federal level of effort requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td data-bbox="602 709 699 737"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 737 699 764">93.069</td> <td data-bbox="1013 737 1105 764">\$0</td> </tr> <tr> <td data-bbox="602 764 699 791">93.889</td> <td></td> </tr> </table> <p>Refer to finding 2015-015</p> <p>The Department concurs with the finding. The Department has established, and now follows, written policies and procedures for tracking, documenting, and reporting the level of effort.</p> <p>The Department will provide notification to the federal grantor in the event that the required level of effort will not be met. Inability to meet the level of effort is now a required element in the subsequent year grant application and meets the federal grantors requirements for notification.</p> <p>The conditions noted in this finding were previously reported in finding 2013-012, 12-21, and 11-20.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-015.</p> <p>Lynda Karseboom        Department of Health        PO Box 47890        Olympia, WA 98504-7890        (360) 236-4536  <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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**Department of Health**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2014	017	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Public Health Emergency Preparedness and National Bioterrorism Hospital Preparedness Programs.</p> <table border="0"> <tr> <td data-bbox="602 737 760 768"><u>CFDA#</u></td> <td data-bbox="1013 737 1105 768"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 768 760 800">93.069</td> <td data-bbox="1013 768 1105 800">\$0</td> </tr> <tr> <td data-bbox="602 800 760 831">93.889</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department began making improvements to FFATA reporting when this condition was identified in fiscal year 2013 Single Audit.</p> <p>Four subawards were not reported by the Department because the federal award did not appear in the Federal Funding Accountability and Transparency Act (FFATA) Subgrant Reporting System (FSRS). The federal awards have now been added to the FSRS by the federal awarding agency and the FFATA information submitted in FSRS.</p> <p>It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to submission in FFATA Subgrant Reporting System (FSRS).</p> <p>The Department has updated its written procedures for submitting FFATA reports by adding additional detail. Specifically, the procedures have been modified to include the Grants Unit Supervisor's review process and the necessary steps for ensuring all FFATA data is submitted in a timely manner.</p> <p>The conditions noted in this finding were previously reported in finding 2013-013.</p> <p>June 2015</p>	<u>CFDA#</u>	<u>Amount</u>	93.069	\$0	93.889	
<u>CFDA#</u>	<u>Amount</u>								
93.069	\$0								
93.889									

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**State of Washington  
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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	017 (Cont'd)	Agency Contact:	Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	018	<p>Finding: The Department of Social and Health Services does not have adequate internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Substance Abuse and Mental Health Services Projects of Regional Significance programs are filed accurately.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.243 \$0</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By December 2015, the Department’s Budget and Finance Director for the Behavioral Health and Service Integration Administration will:           <ul style="list-style-type: none"> <li>• Develop policies and procedures incorporating strong internal controls to collect information on each subaward or amendment of \$25,000 or more in federal funds and report in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System.</li> <li>• Develop and maintain a tracking methodology and validation procedure to ensure reports are submitted timely and properly completed in accordance with FFATA requirements.</li> </ul> </p> <p>Completion Date: Estimated December 2015</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

**State of Washington  
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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	019	<p>Finding: The Department of Social and Health Services does not have adequate internal controls in place to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse and Substance Abuse and Mental Health Services Projects of Regional Significance programs receive required audits.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.243 \$0            93.959</p> <p>Status: Refer to finding 2015-016</p> <p>Corrective Action: In April 2015, the Department’s Behavioral Health and Services Integration Administration’s (BHSIA) accounting section began tracking subrecipients requiring audits including tribal subrecipients.</p> <p>By December 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Conduct follow-up telephone interviews or on-site visits with subrecipient contractors as appropriate when findings are reported to ensure corrective action plans are followed. Follow-up is documented in the subrecipient tracking system.</li> <li>• Coordinate with the Department’s Office of Indian Policy to make sure the 25 tribal subrecipients comply with audit requirements and properly report the federal funds received from the Department.</li> </ul> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-016.</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	020	<p>Finding: The Department of Social and Health Services did not have adequate internal controls over, and was not compliant with, it's required collection of Data Universal Numbering System (DUNS) numbers from subrecipients under the Block Grants for Prevention and Treatment of Substance Abuse and Mental Health Services Projects of Regional Significance programs.</p> <table border="0" data-bbox="440 768 1105 856"> <tr> <td data-bbox="440 768 570 800">Questioned</td> <td data-bbox="607 768 695 800"><u>CFDA#</u></td> <td data-bbox="1013 768 1105 800"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 800 570 831">Costs:</td> <td data-bbox="607 800 695 831">93.243</td> <td data-bbox="1013 800 1105 831">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 831 695 856">93.959</td> <td></td> </tr> </table> <p>Status: Refer to finding 2015-017</p> <p>Corrective Action: In February 2015, the Department developed policies, procedures and internal controls to obtain Data Universal Numbering System (DUNS) numbers from subrecipients prior to making subawards in order to comply with 2 CFR, Appendix A to Part 25. Until a permanent change to the Department's contractor database is made, DUNS numbers will be recorded in the special terms and conditions of all applicable contracts.</p> <p>In April 2015, the Department developed the appropriate training and checklists to ensure all employees responsible for collecting and documenting DUNS numbers are aware of and comply with the 2 CFR, Appendix A to Part 25 requirements.</p> <p>By September 2015, the Department will develop and maintain policies and procedures to monitor the collection of DUNS numbers and conduct random checks to ensure compliance.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-017.</p> <p>Agency Contact: Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.243	\$0		93.959	
Questioned	<u>CFDA#</u>	<u>Amount</u>									
Costs:	93.243	\$0									
	93.959										

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	021	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services does not have adequate internal controls to ensure only eligible refugees receive Refugee Cash Assistance.</p> <table border="0" data-bbox="602 716 1474 779"> <tr> <td data-bbox="602 716 699 743"><u>CFDA#</u></td> <td data-bbox="1013 716 1105 743"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 743 699 770">93.566</td> <td data-bbox="1013 743 1105 770">\$15,290</td> </tr> </table> <p>Refer to finding 2015-022</p> <p>The Department concurs with this finding. The Department has taken or will take the following actions.</p> <p>In January 2015, an automated system was implemented to track employment referrals, and work and training activities for clients applying for Refugee Cash Assistance (RCA).</p> <p>In February 2015 the Department began providing staff with a listing of new clients receiving RCA funds. Staff use the list to ensure eligibility was accurately determined for clients receiving assistance. Since being implemented this has become an ongoing task.</p> <p>In March 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Provided annual refresher training to all staff who determine client eligibility for the RCA. The training is meant to reinforce internal controls for proper enrollment in RCA.</li> <li>• Reviewed all clients who received RCA during the audit period to ensure eligibility was accurately determined. All errors were corrected.</li> </ul> <p>In May 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Began generating a monthly report to track the enrollment and participation of RCA clients. Program Managers will use the report to work with their supervisor to ensure clients are registered for employment or training programs. If clients are not enrolled in required programs, action will be taken to correct the situation.</li> <li>• Trained staff on the new employment referral, and work and training activity tracking system.</li> </ul> <p>If the Department of Health and Human Services contacts the Department regarding questioned costs that should be repaid, the Department will confirm these costs and will take appropriate action.</p>	<u>CFDA#</u>	<u>Amount</u>	93.566	\$15,290
<u>CFDA#</u>	<u>Amount</u>						
93.566	\$15,290						

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	021 (Cont'd)	Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-022.
		Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>					
2014	022	Finding:	The Department of Social and Health Services improperly charged grant expenditures prior to the start of the grant's period of availability.				
		Questioned Costs:	<table border="0"> <tr> <td data-bbox="602 680 695 709"><u>CFDA#</u></td> <td data-bbox="1013 680 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 709 695 739">93.556</td> <td data-bbox="1013 709 1105 739">\$54,377</td> </tr> </table>	<u>CFDA#</u>	<u>Amount</u>	93.556	\$54,377
<u>CFDA#</u>	<u>Amount</u>						
93.556	\$54,377						
		Status:	Refer to finding 2015-003				
		Corrective Action:	The Department contacted the federal granting agency and had additional discussions about this finding. The Department now concurs with this finding and has corrected the issue. The program posted a correction to move the improperly charged grants expenditures back to the 2013 grant. The program will ensure that the federal fiscal year rollover process is modified so that accruals associated with the prior year can be liquidated against the correct cost allocation plan.				
		Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-003.				
		Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>				

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	023	<p>Finding: The Department of Early Learning does not have adequate internal controls over payments to child care providers for the Child Care and Development Fund program.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.575 \$0            93.596</p> <p>Status: Refer to finding 2015-023</p> <p>Corrective Action: The Department of Early Learning (the Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments.</p> <p>In January 2012, the Working Connection Child Care (WCCC) subsidy audit team was created within the Department to meet federal internal control requirements of the WCCC subsidy program. The team started with four Quality Assurance (QA) specialists and one lead worker. In December 2013, the team hired three new QA specialists. From February 2014 through May 2014, the Department had two QA specialists dedicated to the Federal Improper Payment Audit.</p> <p>Prior to the start of this audit, the DSHS Office of Financial Recovery (OFR), the DSHS Office of Fraud and Accountability (OFA), and the Department agreed to implement improved overpayment processes which focus on using an existing but underutilized vendor overpayment system. As of December 2014, the Department has completed all planned audits for audit months earlier than January 2014. Audit months January-September 2014 were completed by February 2015. Beginning in February 2015, the Department will select cases for audit based on a risk factor of cases older than 120 days where a provider has back billed.</p> <p>Starting in July 2014, the Department collaborated with DSHS on an interagency and interdivision Lean Six Sigma process improvement effort to address the high rate of overpayments the Department is currently experiencing. The effort includes mapping multiple related work processes to identify variables that may contribute to overpayments and identifying improvements that can be made to these processes that could help lower the rate of overpayments. As of July 2015, the Department completed Lean process maps for all subsidy audit work processes and identifying areas for improvement. Work is ongoing many areas to implement improvements.</p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	023 (Cont'd)	<p>In 2012, the Washington State Legislature required the Department in coordination with DSHS to contract with an independent consultant to evaluate and recommend the optimum system for the eligibility determination process. The evaluation was required to include an analysis of lean management processes that, if adopted, could improve the cost effectiveness and delivery of eligibility determination.</p> <p>The Department contracted with the Aclara Group to provide an evaluation of the Child Care Subsidy Programs (CCSP) and develop recommendations for business process improvements. Aclara’s final report was completed on October 31, 2012. The report identified 29 recommendations for improvement that span policy, business processes, and information technology supports. The Department is taking a structured project approach to address the report recommendations. The proposed project structure fosters a close partnership between the Department and DSHS to streamline and simplify CCSP policies and processes. The Department and DSHS formed 14 interagency workgroups to analyze these recommendations and implement those that would improve the program. This project is scheduled to be completed in July 2015.</p> <p>In November 2014, the Department and DSHS formed a WCCC reframe workgroup designed to address the recent reauthorization of the Child Care Development Fund grant. Part of the scope of this work is to conduct a comprehensive analysis of billing and other child care provider requirements that have the potential to cause confusion or otherwise increase the risk of improper billing. The workgroup is slated to complete its work by the summer of 2015.</p> <p>In February 2015, the Department and DSHS formed a Child Care Audit Committee designed to address internal and external audit issues, and improve internal controls over client eligibility and direct payments to child care providers. This group continues to meet and collaborate on process improvements.</p> <p>In the most recent required Child Care Development Fund Program State Improper Payment Report submitted in July 2014, the Department reported that of 276 cases sampled, nine cases (3.3 percent of the total) had an improper payment error (overpayment or underpayment). The national improper payment error rate for this same time period was 5.7 percent, so the Department is well below this national average. The federal government requires a corrective action plan for state’s exceeding 10 percent.</p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	023 (Cont'd)	<p>The Department continues to take steps to improve the integrity of payments in the program and will be implementing a new process of selecting records for review based upon payment date rather than service date. This will allow the Department to review records within four to six months of payment and include all providers in the sample population. The Department will continue to audit records up to twelve months old in cases where providers back bill for a prior period. If the Department reviewed only very recent records as requested by the auditor, the population of records to review would be incomplete and providers could submit invoices for time periods that wouldn't be subject to audit, which would create a significant risk factor that could increase fraud. Also, the statute of limitations is three years for establishing an overpayment and the Department's reviews have historically been made within this timeframe.</p> <p>The condition noted in this finding was previously reported in finding 2013-016, 12-28, 11-23, 10-31, 09-12 and 08-13.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-023.</p> <p>Agency Contact: Mike Steenhout          Department of Early Learning          PO Box 40970          Olympia, WA 98504-0970          (360) 725-4920  <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2014	024	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Early Learning does not have adequate controls to ensure it draws Child Care and Development Fund program federal funds in accordance with the Cash Management Improvement Act.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The Department concurs with this finding. To address the weaknesses noted in the finding, the Department has taken the following steps to ensure draws of federal funds are in accordance with the Cash Management Improvement Act:</p> <ul style="list-style-type: none"> <li>• Documented the cash draw reporting procedures for grants.</li> <li>• Created a shared calendar for the finance staff noting all draw due dates.</li> <li>• Provided cross training to other finance staff.</li> <li>• Established internal policies and procedures.</li> </ul> <p>These policies and procedures include internal controls over draws including accuracy of data and dual reviews before submission to the comptroller for approval.</p> <p>May 2015</p> <p>Mike Steenhout          Department of Early Learning          PO Box 40970          Olympia, WA 98504-0970          (360) 725-4920  <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

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**Department of Early Learning**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>							
2014	025	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Early Learning does not have sufficient internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act for the Child Care and Development Fund program are filed accurately.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.596</td> <td></td> </tr> </table> <p>Corrective action complete</p> <p>The findings of this audit concluded that additional guidelines provided in OMB Circular A-133 indicate that transfers of federal awards to another component of the same awardee do not constitute a subrecipient or vendor relationship. Since this condition was raised by the auditor, the Department is no longer reporting the Department of Social and Health Services (DSHS) as a subrecipient.</p> <p>The Department continues to strengthen internal policies and procedures to ensure compliance with the Federal Funding Accountability and Transparency Act reporting requirements. These policies and procedures include internal controls over proper reporting, accuracy of the data, and dual reviews of all reports before submission.</p> <p>The condition noted in this finding was previously reported in finding 2013-015.</p> <p>December 2014</p> <p>Mike Steenhout        Department of Early Learning        PO Box 40970        Olympia, WA 98504-0970        (360) 725-4920  <a href="mailto:mike.steenhout@del.wa.gov">mike.steenhout@del.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2014	026	Finding:  Questioned Costs:  Status:  Corrective Action:	<p>The Department of Social and Health Services does not have adequate internal controls over client eligibility for the Child Care Development Fund.</p> <table border="0"> <tr> <td style="padding-right: 20px;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td>93.575</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td>93.596</td> <td></td> </tr> </table> <p>Refer to finding 2015-026</p> <p>The Department of Social and Health Services (the Department) and the Department of Early Learning (DEL) have taken and completed the following actions:</p> <p>The Department implemented the following monitoring protocols to establish an appropriate separation of duties between staff who determine eligibility and staff who authorize payments, specifically:</p> <ul style="list-style-type: none"> <li>• Regional staff review an integrity report quarterly, which identifies cases where the same staff member has authorized four or more payments in a 15-month period without authorization activity from other staff. To date, the report has not identified any cases resulting in a finding of improper authorization activities.</li> <li>• A separation of duties protocol has been instituted that does not allow a staff member who activates a license-exempt provider to make any payment authorizations for that provider. In this situation another staff member must authorize the payment to the license-exempt provider. This electronic process reduces the potential for fraudulent payment authorizations.</li> </ul> <p>DEL is working to build an electronic child care subsidy system for Working Connections Child Care and Seasonal Child Care subsidy attendance and billing that will interface with the eligibility system. This system will be called the Attendance, Billing and Child Care Subsidy System (ABCS). ABCS has two major components: the authorization interface (AI) and the attendance and payment (AP) function.</p> <p>The purpose of ABCS is to reduce errors in subsidy payments through a single cohesive subsidy system. Most child care providers currently keep attendance records on paper and dial in their invoice via phone. State child care eligibility workers use multiple systems to determine eligibility and make payments. The current way of doing business offers many chances for errors and overpayments.</p>	<u>CFDA#</u>	<u>Amount</u>	93.575	\$0	93.596	
<u>CFDA#</u>	<u>Amount</u>								
93.575	\$0								
93.596									

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	026 (cont'd)	<p>The AI component is currently under development and is expected to be completed in December 2015 and then connected to the AP component by July 2016.</p> <p>The Department and DEL are addressing the following child care program reformations as noted below.*</p> <ul style="list-style-type: none"> <li>• In May 2015 the Department implemented child care verification requirements at the time of application, through certification period, and at recertification. Also, the Child Care Subsidy Program Handbook was updated. A memo was sent to staff informing them of the changes which were implemented on May 15, 2015.</li> <li>• By October 2015 the Working Connections Automated Program screens, which is part of the eligibility system, will be updated so they are more user friendly and provide more accuracy in the eligibility determination process.</li> </ul> <p><i>*These child care program reform initiatives are part of the Aclara Reform Project. The Aclara Reform Project is co-sponsored by the Department and DEL in response to an external child care program review requested by the Legislature and performed by the Aclara Group.</i></p> <p>The Department is continuing to perform the following child care authorization audits:</p> <ul style="list-style-type: none"> <li>• 1.6 percent of open authorizations are audited monthly.</li> <li>• 100 percent of exceptional payment authorizations are audited to ensure they are reviewed and approved by a supervisor before payments are made. An example of an exceptional payment is when a child requires, and is authorized for, more than 230 hours of care per month due to extenuating circumstances such as a parent with multiple approved activities (school and work, etc.).</li> <li>• 100 percent of preauthorization and post authorization work for all new child care workers are audited.</li> <li>• Data is provided monthly by the Health Care Authority which identifies error prone cases to audit for eligibility and areas where policy clarification, training, or systems support can increase accuracy.</li> </ul> <p>DEL established a specialized child care audit team January 1, 2012. The audit team is tasked with reviewing time and attendance records and provider payments. DEL hired five additional auditors in January 2013, increasing the audit team to nine members. The audit team has increased the population of authorized payments reviewed for payment and billing accuracy.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	026 (cont'd)	<p>The conditions noted in this finding were previously reported in finding 2013-017 and 12-30.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-026.</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	027	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department does not have adequate internal controls over, and was not compliant with, foster care payment rate setting and application requirements for the Foster Care program.</p> <table border="0" data-bbox="602 709 1104 772"> <tr> <td data-bbox="602 709 698 735"><u>CFDA#</u></td> <td data-bbox="1015 709 1104 735"><u>Amount</u></td> </tr> <tr> <td data-bbox="602 735 698 760">93.658</td> <td data-bbox="1015 735 1104 760">\$0</td> </tr> </table> <p>Refer to finding 2015-028</p> <p>The Department does not concur with this finding. The review of regular rate reviews and sufficiency required by the Office of Management and Budget (OMB) took place under guidance from the Administration for Children and Families (ACF) and is a new test as a part of the 2014 Statewide Single Audit. The Department's Children's Administration (CA) describes the approach to establish rates in its Title IV-E plan, which is approved every year by ACF. The mandate from ACF to review rates for sufficiency is very vague and no guidance regarding what constitutes is included. As a result, this audit represents the first time CA has received feedback that its approach is not compliant with federal regulations.</p> <p>CA's rate structure represents a child specific strategy that flexes with the needs of the child. Furthermore, the Department developed a process, adopted in the administrative code, for identifying the amount of time spent meeting the needs for care and supervision of each child. Combined, these steps work in tandem to create sufficient rates for each foster child. Therefore the required review of the rate is met every time the Department sets a rate for a child and provides additional ad hoc services.</p> <p>In addition, statewide processes and economic conditions hampered CA's ability to conduct system-wide reviews of the foster care maintenance rate. Specifically, the repeal of the Governor's Vendor Rate committee, deep economic recession, and the Foster Parent Association of Washington (FPAWS) lawsuit essentially eliminated what little discretion or authority CA had for the consideration of rates.</p> <p>CA has a potential resolution that may address the concern specifically identified by the audit related to a proposed negotiated settlement of the FPAWS case. Under the negotiated settlement, CA undertook an economic analysis of rates and negotiated new foster care rates and an accompanying methodology that gives structure to a potential process to update rates. However, again, due to lack of clarity of the federal requirement it is unclear whether this settlement would represent compliance from the federal</p>	<u>CFDA#</u>	<u>Amount</u>	93.658	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.658	\$0						

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	027 (cont'd)	<p>perspective. Nevertheless it does contain a potential mechanism for a "review" of foster care rates.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-028.</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Health**

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
2014	028	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Health did not ensure Medicaid hospital and home health agency surveys were performed in accordance with the frequency required by state and federal laws.</p> <table border="0" data-bbox="609 709 1112 829"> <tr> <td></td> <td style="text-align: center;"><u>CFDA#</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td>93.775</td> <td></td> <td style="text-align: center;">\$0</td> </tr> <tr> <td>93.777</td> <td></td> <td></td> </tr> <tr> <td>93.778</td> <td>ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to finding 2015-029</p> <p>The Department concurs with the finding. In an effort to meet federal requirements, the Department went through a hospital survey Lean process to help improve administrative processing and develop surveyor worksheets designed to create a more focused survey approach and concentrate on infection control, quality assurance, performance improvement and care continuity (transitions in care).</p> <p>Both the hospital and home health agency (HHA) programs implemented improved scheduling practices that assured each facility type adhered to their respective survey timelines.</p> <p>The workload for end stage renal dialysis (ESRD) was such that the Department determined the need to create a survey team specific for this facility type. Two nurse surveyors and a public health advisor were hired to focus on the ESRD work and remove the impact that this workload had on the hospital survey schedule. This allowed the hospital team to work exclusively with hospitals.</p> <p>The Department has hired a manager to work specifically with the HHA surveyors to maintain current progress and push toward 100 percent compliance. Both the hospital and HHA survey managers will work with the accrediting organization to ensure continued coordination and ensure surveys are completed within prescribed timelines.</p> <p>All efforts described above are ongoing and have led to improvements in compliance over last fiscal year. The Facilities Survey and Inspection Executive Director will ensure all activities described above continue.</p> <p>The condition noted in this finding was previously reported in finding 2013-019, 12-33 and 11-25.</p>		<u>CFDA#</u>	<u>Amount</u>	93.775		\$0	93.777			93.778	ARRA and non-ARRA	
	<u>CFDA#</u>	<u>Amount</u>													
93.775		\$0													
93.777															
93.778	ARRA and non-ARRA														

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	028 (Cont'd)	Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-029.
		Agency Contact:	Lynda Karseboom Department of Health PO Box 47890 Olympia, WA 98504-7890 (360) 236-4536 <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a>

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	029	<p>Finding: The Health Care Authority did not ensure that all individuals who received Medicaid benefits had valid Social Security numbers.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$66,503            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-036</p> <p>Corrective Action: As of February 2014, the Authority followed up on all 183 clients identified in the finding and either closed their coverage or updated the case with the correct Social Security number.</p> <p>As of February 2014, staff began following the Authority’s verification process that aligns with Center for Medicare and Medicaid Services guidance to ensure follow-up is performed on missing or unmatched Social Security numbers.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-036.</p> <p>Agency Contact: Kathy E. Smith            State Health Care Authority            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

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**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2014	030	<p>Finding:</p> <p>Questioned</p> <p>Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$417,979</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Refer to findings 2015-035 and 2015-036</p> <p>As of February 2015, the Authority reviewed all payments identified by the auditor as paid on behalf of deceased persons, and is proceeding with recoupment of those claims.</p> <p>The Authority will continue regular matches to the Department of Health death data and will continue to refine the processes to capture this information for timely recoveries.</p> <p>The Authority has reviewed and corrected the services improperly rendered for nonqualified aliens which were identified by the auditor. The Authority has refined processes to avoid these approvals, and implemented processes to review alien emergency medical claims timely to ensure all cases of inappropriate payment are corrected. These processes were completed February 2015.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>The conditions noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to findings 2015-035 and 2015-036.</p> <p>Kathy E. Smith        State Health Care Authority        PO Box 45502        Olympia, WA 98504-5502        (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.775	\$417,979	93.777		93.778 ARRA and non-ARRA	
<u>CFDA#</u>	<u>Amount</u>										
93.775	\$417,979										
93.777											
93.778 ARRA and non-ARRA											

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2015**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	031	<p>Finding: The Health Care Authority did not seek reimbursement for all eligible Medicaid outpatient drug rebate claims.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$225,439  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-034</p> <p>Corrective Action: Staff have identified the steps necessary to include Medicare crossover claims which are eligible for Medicaid drug rebate invoicing. Testing of the new invoicing process began in March 2015, with a target implementation date of August 30, 2015.</p> <p>Currently, family planning providers' claims for certain family planning drugs are excluded from drug rebate due to past system limitations. The Authority is developing an action plan to reverse the exclusion and notify impacted providers. The first phase of the reconfiguration was implemented in May 2015, with final completion by December 2015.</p> <p>The exception noted related to other eligible professional and outpatient claims that were excluded was corrected by changing the timing of certain vendor claim payment interfaces.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-034.</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
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**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	032	<p>Finding: The Health Care Authority made improper Medicaid inpatient high outlier payments to hospitals.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$78,049            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-038</p> <p>Corrective Action: The Authority changed WAC 182-550-3700 (1) (b) and its payment system to align with the auditor’s calculation methodology. Changes were effective July 1, 2014.</p> <p>The Authority corrected the four high outlier payments identified by the auditor that were paid with an incorrect Diagnosis-Related Group conversion factor. This correction was completed by May 1, 2015.</p> <p>The Authority reallocated the inpatient program workload in order to allow additional capacity for monitoring system and rate changes. All changes are now reviewed by Authority staff for accuracy.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2013-023.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-038.</p> <p>Agency Contact: Kathy E. Smith            State Health Care Authority            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
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**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2015**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	033	<p>Finding: The Health Care Authority made overpayments to providers for Medicaid dental services.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$336,999  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-037</p> <p>Corrective Action: The Authority revised Washington Administrative Code (WAC) 182-535-1082 to clarify when fluoride treatments will be covered, and has also revised WAC 182-535-1080 to clarify when comprehensive and periodic oral evaluations are covered. These changes were effective May 1, 2014. The WACs are now consistent with the State Plan and the Medicaid Provider Guide.</p> <p>The Authority updated the automated controls in the ProviderOne payment system to incorporate edits needed to ensure payments are made consistent with state rules and the Medicaid State Plan. These system edits will prevent payments when the allowable number of comprehensive or periodic oral evaluations has been exceeded.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2013-027 and 12-53.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-037.</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan												
2014	034	<p>Finding: State law requiring Medicaid data exchanges with health insurers is not being followed.</p> <table border="0"> <tr> <td data-bbox="440 680 565 709">Questioned</td> <td data-bbox="607 680 695 709"><u>CFDA#</u></td> <td data-bbox="1013 680 1105 709"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 709 509 739">Costs:</td> <td data-bbox="607 709 695 739">93.775</td> <td data-bbox="1013 709 1049 739">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 739 695 768">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 768 938 798">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Refer to finding 2015-030</p> <p>Corrective Action: Since February 2011, the Authority has contracted with Health Management System Inc. (HMS) to provide supplemental identification of third party liability (TPL) insurers not previously identified. HMS leverages their expansive carrier network to match Medicaid data with third party coverage; their National Eligibility Database contains over one billion health insurance coverage records, including more than 5.4 million, or 89 percent, of Washington residents. The contract with HMS supplements the Authority's data matching capabilities and further ensures compliance with applicable state law.</p> <p>The Authority implemented the Payer Initiate Eligibility/Benefit Transaction in July 2013, and is actively working with three major insurers in Washington to participate in electronic sharing of TPL data.</p> <p>The Authority will contact the Office of Insurance Commissioner and the Office of Financial Management to discuss options for enhancing direct insurer participation.</p> <p>The conditions noted in this finding were previously reported in finding 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-030.</p> <p>Agency Contact: Kathy E. Smith State Health Care Authority PO Box 45502 Olympia, WA 98504-5502 (360) 725-0937 <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$0												
	93.777													
	93.778 ARRA and non-ARRA													

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
 For the Fiscal Year Ended  
 June 30, 2015**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
2014	035	<p>Finding: The Health Care Authority did not properly calculate a Medicaid Electronic Health Record incentive payment.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 695 737"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">93.775</td> <td data-bbox="1013 741 1045 768">\$0</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 804 935 831">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: Hospital payouts occur over a four year period. When this issue was identified by the auditors, the hospital identified in the finding had not yet received its final payment. The calculation was revised and the correct payment to the hospital was made in February 2015, when the final payment of the four year period was due.</p> <p>Completion Date: February 2015</p> <p>Agency Contact: Kathy E. Smith        State Health Care Authority        PO Box 45502        Olympia, WA 98504-5502        (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$0		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$0												
	93.777													
	93.778 ARRA and non-ARRA													

**State of Washington  
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**OMB Circular A-133 Audit  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	036	<p>Finding: The Health Care Authority made improper payments to Medicaid Federally Qualified Health Center providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$104,488  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-033</p> <p>Corrective Action: The Authority's Office of Medicaid Systems and Data is finalizing system updates that will help prevent overpayments. The system edits are complex, but once implemented, will eliminate paying fee-for-service claims in addition to encounter payments, and paying for ineligible encounter claims. The Authority anticipates that the system changes will take effect in July 2015.</p> <p>The third exception noted in the finding, paying for more than one encounter payment for the same client, was an isolated issue not related to a system-wide defect. That issue has also been corrected, and as of February 2015 the associated overpayment of \$4,188.07 has been collected.</p> <p>The Authority has initiated action through the Office of Payment Integrity to recoup the remaining payments made in error that were discovered in this audit.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if questioned cost should be repaid.</p> <p>The conditions noted in this finding were previously reported in finding 2013-026 and 12-45.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-033.</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

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 Summary Schedule of Prior Audit Findings  
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 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	037	<p>Finding: The Health Care Authority improperly claimed Children’s Health Insurance Program federal funds for eligible Medicaid expenditures.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$17,397            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-039</p> <p>Corrective Action: With the implementation of the Affordable Care Act (ACA) in October 2014, Children’s Health Insurance Program eligibility is now determined in accordance with ACA rules. Specifically, the Authority has a new eligibility service which corrected the issue identified in the finding by no longer rounding down income determinations.</p> <p>The Authority returned the \$6,428 in overdrawn funds noted in the finding to the federal government.</p> <p>The Authority is working with the U.S Department of Health and Human Services to determine if the remainder of the questioned costs should be repaid.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-039.</p> <p>Agency Contact: Kathy E. Smith            State Health Care Authority            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2015**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2015**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	038	<p>Finding: The Health Care Authority did not have adequate controls in place to ensure all Medicaid critical access hospitals were paid accurately.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$0  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Corrective action complete</p> <p>Corrective Action: In May 2014, the Authority hired an employee to work on final settlements. All 98 settlements identified in this audit were completed before December 31, 2014. In addition, 23 hospitals not identified in this audit had final settlements completed by December 31, 2014.</p> <p>The Authority also took the following actions to strengthen internal controls to ensure all Critical Access Hospitals’(CAH) costs are settled timely:</p> <ul style="list-style-type: none"> <li>• CAH program staff now review the federal Hospital Cost Report Information System for finalized cost reports on a monthly basis and initiate the reports for final settlement.</li> <li>• The CAH settlement process was revamped to ensure efficient and accurate final settlements.</li> </ul> <p>The conditions noted in this finding were previously reported in finding 2013-021.</p> <p>Completion Date: December 2014</p> <p>Agency Contact: Kathy E. Smith  State Health Care Authority  PO Box 45502  Olympia, WA 98504-5502  (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
 Summary Schedule of Prior Audit Findings  
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**OMB Circular A-133 Audit  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**State Health Care Authority**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	039	<p>Finding: The Health Care Authority did not have adequate controls in place to investigate Medicaid services verification surveys returned in a foreign language.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$0            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-032</p> <p>Corrective Action: The Authority acknowledges the lack of oversight of following up on returned medical surveys written in a foreign language, and has now made arrangements to use professional translation services to follow up on negative survey responses written in a foreign language.</p> <p>The conditions noted in this finding were previously reported in finding 2013-031, 12-54 and 11-39.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-032.</p> <p>Agency Contact: Kathy E. Smith            State Health Care Authority            PO Box 45502            Olympia, WA 98504-5502            (360) 725-0937  <a href="mailto:kathy.smith2@hca.wa.gov">kathy.smith2@hca.wa.gov</a></p>

**State of Washington  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>												
2014	040	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, did not pay Medicaid supported living providers at authorized daily rates.</p> <table border="0"> <tr> <td data-bbox="440 709 565 737">Questioned</td> <td data-bbox="607 709 695 737"><u>CFDA#</u></td> <td data-bbox="1013 709 1105 737"><u>Amount</u></td> </tr> <tr> <td data-bbox="440 741 509 768">Costs:</td> <td data-bbox="607 741 683 768">93.775</td> <td data-bbox="1013 741 1073 768">\$147</td> </tr> <tr> <td></td> <td data-bbox="607 772 683 800">93.777</td> <td></td> </tr> <tr> <td></td> <td data-bbox="607 804 938 831">93.778 ARRA and non-ARRA</td> <td></td> </tr> </table> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department concurs with this finding. The Department has taken action or put processes in place to ensure supported living providers are paid at authorized rates.</p> <p>Beginning in July 2014, the Department strengthened its reconciliation process by adding more frequent reviews of provider payments by rate analysts.</p> <p>In January 2015, the Department converted to the ProviderOne payment system from the Social Service Payment System for processing payments to providers. This new process and payment system does not allow payment of two authorizations for the same client/provider location combination. The payment error that was made and discovered during this audit will not be possible with the new payment system.</p> <p>Overpayments are established for incorrect rate payments that are identified. Overpayments are referred to the Office of Financial Recovery. This was the case with the overpayment identified during the audit. Should the Department of Health and Human Services contact the Department about the overpayment in this audit, the Department will take the action requested.</p> <p>The condition noted in this finding was previously reported in finding 2013-039.</p> <p>Completion Date: January 2015</p>	Questioned	<u>CFDA#</u>	<u>Amount</u>	Costs:	93.775	\$147		93.777			93.778 ARRA and non-ARRA	
Questioned	<u>CFDA#</u>	<u>Amount</u>												
Costs:	93.775	\$147												
	93.777													
	93.778 ARRA and non-ARRA													

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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	040 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

**State of Washington  
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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	041	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration, does not have adequate internal controls to ensure cost of care adjustments paid to Medicaid supported living service providers are authorized, supported and reasonable.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 93.775 \$0  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-052</p> <p>Corrective Action: The Department has developed several corrective actions in response to this finding.</p> <p>In April 2014, the Department:</p> <ul style="list-style-type: none"> <li>• Updated the cost of care adjustment (COCA) form. It now incorporates guidelines to ensure COCAs are accurate, supported and reasonable. For example, the form was modified to include a section for justifying the need for the COCA. This new addition to the form helps provide staff additional information for making the decision to approve or deny payment.</li> <li>• Informed staff and providers about the updated guidelines.</li> </ul> <p>In June 2014, the Department:</p> <ul style="list-style-type: none"> <li>• Trained the residential resource managers on the updated guidelines for processing COCAs.</li> <li>• Reviewed updated information with contracted providers at the regional quarterly provider meetings.</li> </ul> <p>In October 2014, the updated COCA form was implemented. Additionally, the Department’s Resource Manager Administrator will continue to provide training on COCA justification and decision making in addition to providing training to agency providers as needed.</p> <p>The conditions noted in this finding were previously reported in finding 2013-038.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-052.</p>

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**State of Washington**  
**Summary Schedule of Prior Audit Findings**  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	041 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

**State of Washington  
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 For the Fiscal Year Ended  
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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	042	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration did not have adequate controls to ensure Medicaid payments to supported living service providers are allowable.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$50,054            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-049</p> <p>Corrective Action: The Department does not concur with this finding. However, the following actions have been or will be taken to strengthen internal controls.</p> <p>As of October 2013, the Department’s Developmental Disabilities Administration began an audit and review process dedicating one full time employee to conducting audits of selected residential providers. The scope of these audits includes reconciling instruction and support service (ISS) hours provided by households to amounts billed and providing consultation and training to service providers related to the tracking documenting of ISS hours. Twenty percent of the supported living providers are audited per year. Audits are scheduled to continue for the next two years.</p> <p>As of 2014, additional schedules were added to the cost report submitted by supported living providers to include ISS hours in a format reconcilable to payroll records.</p> <p>By July 2015, the Department will revise policies to clarify provider documentation requirements regarding payroll activities.</p> <p>By August 2015, the Department will reconcile the fiscal year 2014 cost reports from providers. Overpayments will be written if discovered during the cost report reconciliations. All overpayments are referred to the Department’s Office of Financial Recovery for processing. Any federal funds due are refunded to the Centers for Medicare &amp; Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.</p> <p>By December 2015, the Department will train all supported living providers on the revised policies.</p> <p>The conditions noted in this finding were previously reported in finding 2013-036 and 12-39.</p>

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(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	042 (Cont'd)	Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-049.
		Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

**State of Washington  
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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	043	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration made overpayments to Medicaid supported living providers.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$75,818            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-049</p> <p>Corrective Action: The Department issued overpayments for all exceptions identified in this audit. All overpayments were referred to the Department’s Office of Financial Recovery (OFR) for processing. Any federal funds due are refunded to the Centers for Medicare &amp; Medicaid Services (CMS) through the Medicaid overpayment process and included on the CMS-64 report.</p> <p>During March of 2015, the state fiscal year end settlement process began. Any provider overpayments that are discovered during this process will be referred to OFR. The settlement process is scheduled to be completed by September 2015.</p> <p>The Department will consult with the U.S. Department of Health and Human Services regarding resolution of questioned costs.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-049.</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	044	<p>Finding: The Department of Social and Health Services, Developmental Disabilities Administration made overpayments to Medicaid support living providers who did not ensure all staff with access to developmentally disabled clients receive a proper background check and are authorized to have access to vulnerable supported living clients.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 93.775 \$58,917            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-050</p> <p>Corrective Action: In response to the fiscal year 2013 audit the Department implemented the following corrective actions which continue to be utilized:</p> <ul style="list-style-type: none"> <li>• Providing ongoing training to Department employees and providers.</li> <li>• Dedicating a position in the Headquarters’ office to provide direct support and consultation to providers on the interpretation of background check result letters.</li> <li>• Monitoring background check compliance through reviews conducted by the Enterprise Risk Management Office and Residential Care Services certification reviews.</li> <li>• Partnering with the background check unit to simplify result letters sent to providers and background check processes.</li> </ul> <p>In February 2015, the Department resolved the outstanding exceptions identified during the course of the fiscal year 2014 audit.</p> <p>By July 2015, the Department will repay questioned costs for exceptions that could not be resolved.</p> <p>The conditions noted in this finding were previously reported in finding 2013-034.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-050.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	044 (cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>									
2014	045	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not respond in a timely manner to complaints/allegations of abuse, neglect, exploitation, inadequate care or supervision in Medicaid residential facilities.</p> <table border="0" data-bbox="607 743 1104 869"> <tr> <td data-bbox="607 743 753 772"><u>CFDA#</u></td> <td data-bbox="1013 743 1104 772"><u>Amount</u></td> </tr> <tr> <td data-bbox="607 772 753 802">93.775</td> <td data-bbox="1013 772 1104 802">\$0</td> </tr> <tr> <td data-bbox="607 802 753 831">93.777</td> <td></td> </tr> <tr> <td data-bbox="607 831 753 861">93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Refer to finding 2015-047</p> <p>The Department concurs with this finding. The Department has taken or will take the following actions to strengthen internal controls to ensure that all complaints are accounted for and responded to in a timely manner.</p> <p>In July 2014, the Department revised intake priorities to reflect federal and state timelines. In addition, registered nurses in the Complaint Resolution Unit (CRU) began reviewing all nursing home intakes. This is an ongoing process.</p> <p>In October 2014, the Department put in a request to update the automated system for Tracking Incidents of Vulnerable Adults to allow for a manual update of dates intakes are reviewed and referred to field staff. The Department anticipates this being implemented in July 2015.</p> <p>In January 2015, the CRU registered nurses began reviewing all intakes for Intermediate Care Facility for Individuals with Intellectual Disabilities.</p> <p>In June 2015, the Department completed its review of existing procedures with the goal of developing procedures that streamline the complaint resolution process. Included in this review was a LEAN Value Stream Mapping that occurred in February 2015.</p> <p>By September 2015, the Department will respond to and initiate investigation of all complaints involving clients who are in immediate jeopardy of harm within two working days.</p> <p>The conditions noted in this finding were previously reported in finding 2013-033.</p>	<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											

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	045 (cont'd)	Completion Date:	The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-047.
		Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
2014	046	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Social and Health Services, Aging and Long-Term Support Administration, did not complete surveys for Medicaid nursing home and intermediate care facilities for individuals with intellectual disabilities in a timely manner.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.775</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">93.777</td> <td></td> </tr> <tr> <td style="text-align: right;">93.778</td> <td></td> </tr> </table> <p>ARRA and non-ARRA</p> <p>Refer to findings 2015-044 and 2015-045</p> <p>The Department will schedule and monitor nursing home and intermediate care facilities for individuals with intellectual disabilities surveys to meet required standards. Delays in timely completion of nursing home surveys are due to staffing limitations. The recently approved budget included approval for an additional six nursing home complaint investigators. The Department anticipates having these positions filled by December 2015.</p> <p>By September 2015, the Department will implement a formal tracking process allowing for improved monitoring of statements of deficiencies and plans of corrections that result from surveys.</p> <p>The conditions noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to findings 2015-044 and 2015-045.</p> <p>Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>	<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											

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	047	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately document inspections of Medicaid Adult Family Home providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$0            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Corrective action in progress</p> <p>Corrective Action: By September 2015, the Department will:</p> <ul style="list-style-type: none"> <li>• Revise standard operating procedures to require inspection forms to be consistently used to document observations and findings during adult family home inspections.</li> <li>• Establish a policy and train adult family home licensors on inspection standard operating procedures including documentation requirements that support adult family home inspections.</li> <li>• Require field operators to conduct periodic quality assurance checks on required documentation and forms to verify that the process is being consistently adhered to.</li> <li>• Ensure adult family home quality assurance staff do a periodic review of a sample of provider files from each region to determine if required documentation was completed according to standard operating procedures.</li> </ul> <p>Completion Date: Estimated September 2015</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	048	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, did not adequately monitor Medicaid Adult Family Home providers to ensure all providers, caregivers and resident managers who are employed directly or by contract have proper background checks.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$1,082,213  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-051</p> <p>Corrective Action: In response to the fiscal year 2013 audit the Department implemented several processes that continued through the fiscal year 2014 audit and remain ongoing.</p> <p>The Department is providing training to staff on standard operating procedures for inspections which includes reviewing background checks on all caregivers, representatives and resident managers who are employed directly or by contract.</p> <p>Additionally, the Department is continuing to strengthen its monitoring of Adult Family Home (AFH) staff background checks through the Department's standard facility licensing, annual facility survey and investigatory business protocols. During AFH inspections, the Department reviews background checks for all employees working at the facility to ensure disqualified caregivers do not have access to vulnerable adults.</p> <p>The Department will take action on questioned costs as requested by Center for Medicare and Medicaid Services.</p> <p>The conditions noted in this finding were previously reported in finding 2013-037.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-051.</p> <p>Agency Contact: Rick Meyer  Department of Social and Health Services  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	049	<p>Finding: The Department of Social and Health Services, Aging and Long-Term Support Administration, made unallowable payments to Medicaid providers who did not meet background check requirements for in home care providers.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>            93.775 \$257,875            93.777            93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-040</p> <p>Corrective Action: Although a finding was issued for providers not having current background checks the Department has made significant progress ensuring providers have current background checks. The finding states, "The Department has improved the overall communication of Departmental policies and procedures to unit managers at AAA's that oversee provider contracts."</p> <p>The Department will continue in its efforts to ensure providers have current background checks. Specifically:</p> <p>In March 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Completed a LEAN value stream mapping that identified improvements in the individual provider qualification process. This included communication of background check results to providers.</li> <li>• Terminated payments to providers that did not have current background checks.</li> </ul> <p>In June 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Terminated contracts with providers who failed to comply with requests to have current background checks completed.</li> <li>• Submitted overpayments to the Department's Office of Financial Recovery for the questioned costs. Funds will be returned to CMS as overpayments are received. Any overpayments not received within 365 days will be returned to CMS through the Medicaid Overpayment Management System process.</li> </ul> <p>By January 2016, the Department's Home and Community Services Division will complete the work with the Department's Background Checks Central Unit on background check process improvements. Policies and procedures will be updated accordingly and communicated with the field offices.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	049 (Cont'd)	<p>The conditions noted in this finding were previously reported in finding 2013-040, 12-41 and 11-34.</p> <p>Completion Date: The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-040.</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	050	<p>Finding: The Department of Social and Health Services improperly claimed federal reimbursement for non-emergency services provided to nonqualified aliens and for payments made on behalf of deceased Medicaid clients.</p> <p>Questioned Costs: <u>CFDA#</u> <u>Amount</u>  93.775 \$715,768  93.777  93.778 ARRA and non-ARRA</p> <p>Status: Refer to finding 2015-041 and 2015-048</p> <p>Corrective Action: This finding involved four administrations within the Department: the Aging and Long Term Support Administration-Home and Community Services (AL TSA/HCS), the Children’s Administration (CA), the Developmental Disabilities Administration (DDA) and the Economic Services Administration (ESA). Each administration has taken or will take corrective action.</p> <p><b><u>AL TSA/HCS:</u></b></p> <ul style="list-style-type: none"> <li>• In 2013, the Recipient Aid Codes (RACS) for non-emergency services were corrected for DDA clients, but the correction was missed for the AL TSA nursing home clients. The RACS and account coding for nursing home clients was corrected in November 2014.</li> <li>• AL TSA/HCS repaid all questioned costs related to alien emergency medical services.</li> <li>• In June 2015, AL TSA/HCS: <ul style="list-style-type: none"> <li>○ Resolved overpayments related to payments made after the client’s date of death. Overpayments for these costs (\$21,159) have been referred to the Department’s Office of Financial Recovery. Funds will be returned to Centers for Medicare and Medicaid Services (CMS) when the overpayment is recovered. Any overpayments not recovered within 365 days will be refunded to CMS through the Medicaid Overpayment Management System (MOMS) process.</li> </ul> </li> <li>• By August 2015 AL TSA/HCS will: <ul style="list-style-type: none"> <li>○ Revise the invalid payment report so it provides a more accurate reporting of invalid payments.</li> </ul> </li> <li>• By September 2015 AL TSA/HCS will: <ul style="list-style-type: none"> <li>○ Review use and application of the invalid payment report to determine if frequency and process for utilization are sufficient to monitor for and correct invalid payments.</li> </ul> </li> </ul>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	050 (Cont'd)	<p><b><u>CA:</u></b></p> <ul style="list-style-type: none"> <li>• In September 2014, questioned costs for the three exceptions related to the CA were returned to the grantor.</li> <li>• By September 2015, CA will strengthen processes regarding review of cases related to nonqualified aliens receiving services.</li> </ul> <p><b><u>DDA:</u></b></p> <ul style="list-style-type: none"> <li>• The DDA Social Service Payment System (SSPS) Program Manager will continue to provide quarterly reports to regional management for review. These reports include payment authorizations after the date of death. Regions will report the level of compliance in their quarterly reviews.</li> <li>• DDA continues its partnership with the Health Care Authority and external audit agency Optum, to identify payments for services provided after the date of death using an algorithm. The algorithm will continue to be run quarterly.</li> <li>• DDA will continue to provide training and direction to staff to ensure authorizing staff understand the need to match end date authorizations to the date of death or earlier as soon as they learn of a client's passing.</li> <li>• Participate in the design of the ProviderOne payment system, to prevent payments for services provided after the death of the client.</li> <li>• Overpayments have been submitted to the Department's Office of Financial Recovery for the questioned costs of \$5,025.78. The recovery will be returned to CMS or if not recovered timely through the MOMS process.</li> </ul> <p><b><u>ESA:</u></b></p> <ul style="list-style-type: none"> <li>• In February 2015, ESA reviewed the one exception identified during the audit and corrected the inappropriate payment. Also, staff were informed by memo about the requirements for processing cases that involve non-qualified aliens.</li> <li>• ESA's share of the questioned costs is \$34.70. If the Department of Health and Human Services contacts DSHS/ESA regarding questioned costs that should be repaid, DSHS/ESA will confirm these costs with DHHS and will take appropriate action in the form of payment.</li> </ul> <p>Completion Date: The conditions noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-041 and 2015-048.</p>

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**Department of Social and Health Services**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>	
2014	050 (Cont'd)	Agency Contact:	Rick Meyer Department of Social and Health Services PO Box 45804 Olympia, WA 98504-5804 (360) 664-6027 <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2014	051	Finding:  Questioned Costs:  Status:  Corrective Action:  Completion Date:  Agency Contact:	<p>The Department of Social and Health Services did not have adequate internal controls in place, and did not comply with, the level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <table border="0"> <tr> <td style="text-align: right;"><u>CFDA#</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">93.959</td> <td style="text-align: right;">\$0</td> </tr> </table> <p>Refer to finding 2015-053</p> <p>The Department concurred with this finding.</p> <p>In April 2015, the Department:</p> <ul style="list-style-type: none"> <li>• Developed policies, procedures and internal controls to ensure monitoring and documentation of level of effort requirements are performed.</li> <li>• Began active monitoring the state-funded spending. Specifically, the Department’s Accounting Section started producing monthly reports showing the status of the state-funded spending. The Department’s Budget Section is reviewing the monthly reports in order to monitor the capability of meeting the minimum required amount each year.</li> </ul> <p>The Department continues to remain in contact with the Federal grantors to keep them apprised of the Department’s ability to meet the annual minimum required state-funded spending.</p> <p>The condition noted in this finding was repeated in Fiscal Year 2015 Washington Single Audit. Refer to finding 2015-053.</p> <p>Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>	<u>CFDA#</u>	<u>Amount</u>	93.959	\$0
<u>CFDA#</u>	<u>Amount</u>						
93.959	\$0						

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**Department of Health**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
2014	052	<p>Finding: The Department of Health does not have adequate internal controls over, and did not comply with, the Federal Funding Accountability and Transparency Act reporting requirements for the Maternal and Child Health Services Block Grant.</p> <p>Questioned Costs: <u>CFDA#</u> 93.994 <u>Amount</u> \$0</p> <p>Status: Corrective action complete</p> <p>Corrective Action: The Department agrees that five subawards totaling \$250,334 were not reported during the audit period.</p> <p>This was in part caused by the awards being omitted from the monthly Federal Funding Accountability and Transparency Act (FFATA) reporting list due to an error in the criteria used to extract the reporting data from the Department's financial system. This error was discovered and corrected in September 2013.</p> <p>It is currently the practice of the Department for the Grants Unit Supervisor to review and approve FFATA data prior to submission in FFATA Subgrant Reporting System (FSRS).</p> <p>The Department has updated its written procedures for submitting FFATA reports by adding additional detail. Specifically, the procedures have been modified to include the Grants Unit Supervisor's review process and the necessary steps for ensuring all FFATA data is submitted in a timely manner.</p> <p>Completion Date: May 2015</p> <p>Agency Contact: Lynda Karseboom          Department of Health          PO Box 47890          Olympia, WA 98504-7890          (360) 236-4536  <a href="mailto:lynda.karseboom@doh.wa.gov">lynda.karseboom@doh.wa.gov</a></p>

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**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	053	<p>Finding: The Department of Social and Health Services did not have adequate internal controls to ensure contracts were procured in accordance with state law for the Disability Insurance and Supplemental Security Income programs.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>            Costs: 96.001 \$0            96.006</p> <p>Status: Corrective action complete</p> <p>Corrective Action: In August 2014, the Department’s division of Disability Determination Services (DDS), which is part of the Department’s Economic Services Administration (ESA), began working with the Department’s Central Contract Services unit to ensure state procurement laws are followed. Also in August 2014, DDS staff involved with contracts completed training provided by the Central Contract Services unit.</p> <p>In March 2015, an ESA Workgroup developed an administration-wide procurement process and universal Request For Qualification (RFQ) for medical and psychological services. The RFQ was posted to both the Department’s and the statewide procurement websites on March 3, 2015. These steps bring the Department into compliance with RCW 39.26.</p> <p>Completion Date: March 2015</p> <p>Agency Contact: Rick Meyer            Department of Social and Health Services            PO Box 45804            Olympia, WA 98504-5804            (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>

**State of Washington  
Summary Schedule of Prior Audit Findings  
For Years Prior to Fiscal Year 2015**

**OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2015**

(This schedule only addresses findings previously reported that would be reportable under the revised OMB Circular A-133. It reflects agency corrective action status as of June 30, 2015.)

**Department of Social and Health Services**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
2014	054	<p>Finding: The Department of Social and Health Services does not have adequate internal controls to ensure providers were qualified to perform consultative examinations for the Disability Insurance and Supplemental Security Income programs.</p> <p>Questioned <u>CFDA#</u> <u>Amount</u>  Costs: 96.001 \$0  96.006</p> <p>Status: Corrective action complete</p> <p>Corrective Action: During the course of this audit the Department took steps to correct the deficiencies that were identified.</p> <p>The Department revised procedures regarding providers who perform consultative examinations. The Department is now reviewing the List of Excluded Individuals and Entities (LEIE) maintained by the Office of the Inspector General twice a year to ensure providers are qualified to perform consultative examinations. The LEIE is a federal list of individuals and entities that are excluded from participation in Medicare, Medicaid, and all other federal health care programs.</p> <p>The Department created a list of contracts and their license expiration date to ensure contractors renew their licenses timely. The Department also developed written procedures that require a manager or designee conduct a quarterly quality assurance (QA) review to ensure contractors renew their licenses as required. Finally, on a monthly basis 10 percent of contractor files are reviewed to ensure the accuracy of LEIE and license renewal checks. The results of the review show that all have submitted LEIE documentation timely and accurately. The Division of Disability Determination Services staff meets monthly to discuss how the QA process works and how to refine it and make it better.</p> <p>Completion Date: July 2014</p> <p>Agency Contact: Rick Meyer  Department of Social and Health Services  PO Box 45804  Olympia, WA 98504-5804  (360) 664-6027  <a href="mailto:rmeyerRR@dshs.wa.gov">rmeyerRR@dshs.wa.gov</a></p>



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**Washington State Agency Codes (By Agency Alphabetically)**  
For the Fiscal Year Ended June 30, 2015

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
165	Accountancy, Board of (ACB)	104	Economic and Revenue Forecast Council (ERFC)
035	Actuary, Office of the State (OSA)	106	Economic Development Finance Authority (EDA)
110	Administrative Hearings, Office of (OAH)	610	Edmonds Community College (EDC)
055	Administrative Office of the Courts (AOC)	540	Employment Security Department (ESD)
119	African-American Affairs, Commission on (CAA)	179	Enterprise Services, Department of (DES)
495	Agriculture, Department of (AGR)	468	Environmental and Land Use Hearings Office (ELUHO)
355	Archaeology and Historic Preservation, Department of (DAHP)	605	Everett Community College (EVC)
387	Arts Commission, Washington State (ART)	102	Financial Institutions, Department of (DFI)
087	Asian-Pacific-American Affairs, Commission on (APA)	105	Financial Management, Office of (OFM)
100	Attorney General, Office of the (ATG)	477	Fish and Wildlife, Department of (DFW)
095	Auditor, Office of the State (SAO)	167	Forensic Investigation Council (FIC)
695	Bates Technical College (BATES)	411	Freight Mobility Strategic Investment Board (FMSIB)
627	Bellevue College (BC)	117	Gambling Commission, Washington State (GMB)
694	Bellingham Technical College (BTC)	075	Governor, Office of the (GOV)
629	Big Bend Community College (BBC)	648	Grays Harbor College (GHC)
315	Blind, Department of Services for the (DSB)	649	Green River Community College (GRC)
351	Blind, State School for the (SFB)	521	Hardwoods Commission (HRWD)
101	Caseload Forecast Council (CFC)	303	Health, Department of (DOH)
634	Cascadia Community College (CCC)	107	Health Care Authority, State (HCA)
375	Central Washington University (CWU)	599	Health Care Facilities Authority, Washington (WHCFA)
632	Centralia College (CEC)	346	Higher Education Facilities Authority, Washington (WHEFA)
353	Childhood Deafness and Hearing Loss, CTR for (CDHL)	652	Highline Community College (HCC)
057	Civil Legal Aid, Office of (OCLA)	118	Hispanic Affairs, Commission on (CHA)
635	Clark College (CLC)	390	Historical Society, Washington State (WHS)
696	Clover Park Technical College (CPTC)	185	Horse Racing Commission (HRC)
639	Columbia Basin Community 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)	135	Innovate Washington (IWA)
163	Consolidate Technology Services (CTS)	160	Insurance Commissioner, Office of the (INS)
310	Corrections, Department of (DOC)	126	Investment Board, State (SIB)
406	County Road Administration Board (CRAB)	014	Joint Legislative Audit and Review Committee (JLARC)
048	Court of Appeals (COA)	038	Joint Legislative Systems Committee (JLS)
227	Criminal Justice Training Commission (CJT)	013	Joint Transportation Commission (JTC)
357	Early Learning, Department of (DEL)	050	Judicial Conduct, Commission on (CJC)
395	Eastern Washington Historical Society (EWH)	235	Labor and Industries, Department of (L&I)
370	Eastern Washington University (EWU)	692	Lake Washington Institute of Technology (LWIT)
461	Ecology, Department of (ECY)		

**Washington State Agency Codes (By Agency Alphabetically)**  
For the Fiscal Year Ended June 30, 2015

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)	300	Social and Health Services, Department of (DSHS)
046	Law Library, State (LAW)	675	South Puget Sound Community College (SPS)
020	Legislative Evaluation and Accountability Program Committee (LEAP)	676	Spokane Community Colleges - District 17 (SCCD-17)
037	Legislative Support Services, Office of (LSS)	225	State Patrol, Washington (WSP)
240	Licensing, Department of (DOL)	040	Statute Law Committee (SLC)
080	Lieutenant Governor, Office of the (LTG)	340	Student Achievement Council (SAC)
356	Life Sciences Discovery Fund Authority (LSDFA)	350	Superintendent of Public Instruction (SPI)
195	Liquor Control 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 & Women's Business Enterprises, Office of (OMWBE)	228	Traffic Safety Commission, Washington (STS)
490	Natural Resources, Department of (DNR)	410	Transportation Commission (TRC)
662	Olympic College (OLC)	405	Transportation, Department of (DOT)
465	Parks and Recreation Commission, State (PARKS)	407	Transportation Improvement Board (TIB)
665	Peninsula College (PEC)	090	Treasurer, Office of the State (OST)
637	Pierce College (PIE)	360	University of Washington (UW)
205	Pilotage Commissioners, Board of (BPC)	215	Utilities and Transportation Commission (UTC)
462	Pollution Liability Insurance Program, Washington (PLI)	305	Veterans' Affairs, Department of (DVA)
056	Public Defense, Office of (OPD)	220	Volunteer Firefighters and Reserve Officers, Board for (BVFFRO)
082	Public Disclosure Commission (PDC)	683	Walla Walla Community College (WLC)
275	Public Employment Relations Commission (PERC)	359	Washington Charter School Commission (WCSC)
478	Puget Sound Partnership (PSP)	365	Washington State University (WSU)
467	Recreation and Conservation Funding Board (RCFB)	686	Wenatchee Valley College (WVC)
091	Redistricting Commission (RDC)	380	Western Washington University (WWU)
693	Renton Technical College (RTC)	621	Whatcom Community College (WHC)
124	Retirement Systems, Department of (DRS)	354	Workforce Training and Education Coordinating Board (WFTECB)
140	Revenue, Department of (DOR)	691	Yakima Valley College (YVC)
099	Salaries of Elected Officials, Washington Citizens' Commission on (COS)		
670	Seattle Community Colleges - District 6 (SCCD-6)		
085	Secretary of State, Office of the (SEC)		
012	Senate (SEN)		
672	Shoreline Community College (SHC)		
674	Skagit Valley College (SVC)		

**Washington State Agency Codes (By Agency Assigned Number)**  
For the Fiscal Year Ended June 30, 2015

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
011	House of Representatives (REP)	120	Human Rights Commission (HUM)
012	Senate (SEN)	124	Department of Retirement Systems (DRS)
013	Joint Transportation Commission (JTC)	126	State Investment Board (SIB)
014	Joint Legislative Audit and Review Committee (JLARC)	135	Innovate Washington
020	Legislative Evaluation and Accountability Program Committee (LEAP)	140	Department of Revenue (DOR)
035	Office of the State Actuary (OSA)	142	Board of Tax Appeals (BTA)
037	Legislative Support Services, Office of (LSS)	147	Office of Minority and Women's Business Enterprises (OMWBE)
038	Joint Legislative Systems Committee (JLS)	148	Washington State Housing Finance Commission (HFC)
040	Statute Law Committee (SLC)	160	Office of the Insurance Commissioner (INS)
045	Supreme Court (SUP)	163	Consolidated Technology Services (CTS)
046	State Law Library (LAW)	165	Board of Accountancy (ACB)
048	Court of Appeals (COA)	167	Forensic Investigation Council (FIC)
050	Commission on Judicial Conduct (CJC)	179	Enterprise Services, Department of
055	Administrative Office of the Courts (AOC)	185	Horse Racing Commission (HRC)
056	Office of Public Defense (OPD)	190	Industrial Insurance Appeals, Board of (IND)
057	Civil Legal Aid, Office of (OCLA)	195	Liquor Control Board (LCB)
075	Office of the Governor (GOV)	205	Board of Pilotage Commissioners (BPC)
080	Office of the Lieutenant Governor (LTG)	215	Utilities and Transportation Commission (UTC)
082	Public Disclosure Commission (PDC)	220	Board for Volunteer Firefighters and Reserve Officers (BVFFRO)
085	Office of the Secretary of State (SEC)		
086	Governor's Office of Indian Affairs (INA)	225	Washington State Patrol (WSP)
087	Commission on Asian Pacific American Affairs (APA)	227	Washington State Criminal Justice Training Commission (CJT)
090	Office of the State Treasurer (OST)	228	Washington Traffic Safety Commission (STS)
091	Redistricting Commission (RDC)	235	Department of Labor and Industries (L&I)
095	Office of the State Auditor (SAO)	240	Department of Licensing (DOL)
099	Washington Citizens' Commission on Salaries for Elected Officials (COS)	245	Military Department (MIL)
100	Office of the Attorney General (ATG)	275	Public Employment Relations Commission (PERC)
101	Caseload Forecast Council (CFC)	300	Department of Social and Health Services (DSHS)
102	Department of Financial Institutions (DFI)	302	Home Care Quality Authority (HCQA)
103	Commerce, Department of (COM)	303	Department of Health (DOH)
104	Economic and Revenue Forecast Council (ERFC)	304	Tobacco Settlement Authority (TOB)
105	Office of Financial Management (OFM)	305	Department of Veterans' Affairs (DVA)
106	Washington Economic Development Finance Authority (EDA)	310	Department of Corrections (DOC)
107	State Health Care Authority (HCA)	315	Department of Services for the Blind (DSB)
110	Office of Administrative Hearings (OAH)	340	Student Achievement Council (SAC)
116	State Lottery Commission (LOT)	341	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF)
117	Washington State Gambling Commission (GMB)	346	Washington Higher Education Facilities Authority (WHEFA)
118	Commission on Hispanic Affairs (CHA)	350	Superintendent of Public Instruction (SPI)
119	Commission on African-American Affairs (CAA)	351	State School for the Blind (SFB)

**Washington State Agency Codes (By Agency Assigned Number)**  
For the Fiscal Year Ended June 30, 2015

<b>Agency No.</b>	<b>Agency</b>	<b>Agency No.</b>	<b>Agency</b>
352	State Board for Community and Technical Colleges (SBCTC)	540	Employment Security Department (ES)
353	Childhood Deafness and Hearing Loss, CTR for (CDHL)	599	Washington Health Care Facilities Authority (WHCFA)
354	Work Force Training and Education Coordinating Board (WFTECB)	605	Everett Community College (EVC)
355	Archaeology and Historic Preservation, Department of (DAHP)	610	Edmonds Community College (EDC)
356	Life Sciences Discovery Fund Authority (LSDFA)	621	Whatcom Community College (WHC)
357	Early Learning, Department of (DEL)	627	Bellevue College (BC)
359	Washington Charter School Commission (WCSC)	629	Big Bend Community College (BBC)
360	University of Washington (UW)	632	Centralia College (CEC)
365	Washington State University (WSU)	634	Cascadia Community College (CCC)
370	Eastern Washington University (EWU)	635	Clark College (CLC)
375	Central Washington University (CWU)	637	Pierce College (PIE)
376	The Evergreen State College (TESC)	639	Columbia Basin Community College (CBC)
380	Western Washington University (WWU)	648	Grays Harbor College (GHC)
387	Washington State Arts Commission (ART)	649	Green River Community College (GRC)
390	Washington State Historical Society (WHS)	652	Highline Community College (HCC)
395	Eastern Washington State Historical Society (EWH)	657	Lower Columbia College (LCC)
405	Department of Transportation (DOT)	662	Olympic College (OLC)
406	County Road Administration Board (CRAB)	665	Peninsula College (PEC)
407	Transportation Improvement Board (TIB)	670	Seattle Community Colleges - District 6 (SCCD-6)
410	Transportation Commission (TRC)	672	Shoreline Community College (SHC)
411	Freight Mobility Strategic Investment Board (FMSIB)	674	Skagit Valley College (SVC)
412	Materials Management and Financing Authority, Washington (WMMFA)	675	South Puget Sound Community College (SPS)
460	Columbia River Gorge Commission (CRG)	676	Spokane Community Colleges - District 17 (SCCD-17)
461	Department of Ecology (ECY)	678	Tacoma Community College (TCC)
462	Washington Pollution Liability Insurance Program (PLI)	683	Walla Walla Community College (WLC)
465	State Parks and Recreation Commission (PARKS)	686	Wenatchee Valley College (WVC)
467	Recreation and Conservation Funding Board (RCFB)	691	Yakima Valley College (YVC)
468	Environmental and Land Use Hearings Office (ELUHO)	692	Lake Washington Institute of Technology (LWIT)
471	State Conservation Commission (SCC)	693	Renton Technical College (RTC)
477	Department of Fish and Wildlife (DFW)	694	Bellingham Technical College (BTC)
478	Puget Sound Partnership (PSP)	695	Bates Technical College (BATES)
490	Department of Natural Resources (DNR)	696	Clover Park Technical College (CPTC)
495	Department of Agriculture (AGR)	699	Community and Technical College System (CTCS)
521	Hardwoods Commission (HRWD)		

## **Community and Technical College Reporting**

For the Fiscal Year Ended June 30, 2015

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 Community College  
Centralia College  
Clark College  
Clover Park Technical College  
Columbia Basin Community College  
Edmonds Community College  
Everett Community College  
Grays Harbor College  
Green River Community College  
Highline Community College  
Lake Washington Institute of Technology  
Lower Columbia College  
Olympic College  
Peninsula College  
Pierce College  
Renton Technical College  
Seattle Community Colleges – District 6  
Shoreline Community College  
Skagit Valley College  
South Puget Sound Community College  
Spokane Community Colleges – District 17  
Tacoma Community College  
Walla Walla Community College  
Wenatchee Valley College  
Whatcom Community College  
Yakima Valley College

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WASHINGTON STATE OFFICE OF FINANCIAL MANAGEMENT  
INSURANCE BUILDING • PO BOX 43113  
OLYMPIA, WA 98504-3113 • (360) 902-0555 • FAX (360) 664-2832